

President's Statement



Mr. WANG Jianzhou,
President of China Mobile
Communications Corporation

○ Excellence through Responsibility, Growing together Harmoniously

2007 marked China's 20th year using mobile telecommunications technology. In these last 20 years, mobile phones have transitioned from a luxury good for the few to a widely used communication tool for the masses. The mobile phone has dramatically changed the way that people traditionally communicate and live -- and at the same time, has changed the way that society operates.

We have grown with China's mobile telecommunications industry and we have grown with our stakeholders -- expanding into the world's largest mobile telecommunications company by network size and customer base. As we have grown, our economic, social and environmental impact has also deepened. For this very reason, in line with our core value, "Responsibility Makes Perfection," we seek to "grow together harmoniously" with industry, society and nature.

In 2007, in accordance to our theme "growing together harmoniously," we have used our strength as a company to take on four major CSR programs:

Rural Program. In 2007, through three major networks -- basic network coverage, the Rural Information Network, and the rural sales and service network -- we continue to provide services to rural areas, its residents and China's agricultural industry. We have improved network access through our "Village Connected" project, expanding coverage to thousands of administrative villages and natural villages. We have improved network usage through our rural services and our Rural Information Network, creating an "information highway" that rural residents can use to learn about the newest farming techniques and to overcome information obstacles. At the same time, the rural market presents an important opportunity for the further development of our business; in 2007 nearly half of our new subscribers came from rural areas.

Life Program. In 2007 we continued to provide high network quality and sustained network stability amidst important national events and major natural disasters. We were able to accomplish a "first" for the mobile telecommunications industry - building a base station on Mount Everest, 6,500 meters above sea level - to keep network quality strong during the passing of the torch for the 2008 Olympic Games. At the same time, we have offered care and support for society's disadvantaged -- providing financial support for cataract surgery for the elderly, offering internships to university students, and actively participating in "China 12.1," a foundation which supports children in China orphaned by AIDS.

Cultural Program. In 2007 we successfully implemented programs to manage unwanted spam SMS messages and through programs like "Red Sayings" and "E-thumb literature," we promoted the transmission of positive, healthy SMS messages. At the same time, we supported several philanthropic efforts geared towards education, such as the China Mobile Library project, training for rural educators, and financial support for low-income students.

Green Program. In 2007 we initiated our "Green Action Plan," working hard to lead industry efforts to conserve energy and reduce waste by promoting new techniques to manage resource consumption, improve resource efficiency and decrease environment impact. We have also worked closely with our suppliers to build a green industry network.

Our social responsibility goes hand in hand with the development of our company. We have worked hard to create a scientific, systematic approach to managing CSR, an approach that integrates CSR into every phase of our business and makes CSR a critical component of our Leapfrogging strategy. Looking forward we will continue to focus on the concepts of "scientific development" and "social harmony" and proactively take on our responsibilities, striving for harmonious growth, creating a bright future for all parts of society.

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December 2007

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We are committed to the harmonious development of our business, society and the environment. We will remain humble and keep innovating in order to enable sustainable, harmonious growth for the benefit of all stakeholders. All of our actions are guided by our core value, mission and CSR vision.

China Mobile Core Value: Responsibility Makes Perfection.

China Mobile Mission: Communicate a Boundless World and Construct an Information Society.

China Mobile CSR Vision: With perfect sincerity and integrity, we will strive to fulfill our triple-sided responsibilities -- our economic responsibility; our social responsibility and our environmental responsibility.

China Mobile 2007 CSR Report Theme: Growing Together Harmoniously.



Company Name	China Mobile Communications Corporation	Registration Capital	51.8 billion RMB
Company Founded On	April 20, 2000	Assets	In excess of 700 billion RMB
Headquarters Address	No. 29, Financial St., Xicheng District Beijing 100032, China	Ownership Structure	State Owned Enterprise
Method of Going Public	China Mobile Communications Company fully holds the equity of China Mobile (HK) Group Limited. China Mobile Limited, of which China Mobile (HK) Group Limited is the major shareholder, has set up wholly-owned subsidiaries in 31 provinces (autonomous regions and municipalities directly under the central government) and the Hong Kong Special Administrative Region in China and was listed on the Hong Kong and New York stock exchanges.		

About this Report

This is China Mobile's second Corporate Social Responsibility (CSR) report and covers our activities between January 1, 2007 and December 31, 2007. This report has been published in both English and Chinese. As we adhere to information disclosure rules between our listed company in Hong Kong and our Group Company in the Mainland, all data related to company operations are reported only between January 1, 2007 to September 30, 2007. We have compiled this report according to the 10 principles of the Global Compact and using the Global Reporting Initiative (GRI) G3 Sustainability Reporting Guidelines and the GRI Telecommunications Sector Supplement. We are self-declaring that we reached GRI Application Level B.

Selecting Content

We have used the GRI Reporting Principles of Materiality, Completeness, Sustainability Context and Stakeholder Inclusiveness to select content for inclusion in this report. In particular we:

- Engaged with stakeholders to understand what information they expect to see in a China Mobile report (see pages 15-16)
- Prioritized information of greatest relevance to our business strategy (see pages 6-7,16)
- Provided information about the sustainability context in China
- Included data and case studies from China Mobile's operations across all 31 Chinese provinces, autonomous regions and directly-administered municipalities in Mainland China, Hong Kong SAR and our subsidiary operations in Pakistan

Report Scope

Unless otherwise stated the data in this report covers our operations

across all 31 Chinese provinces, autonomous regions and directly-administered municipalities in Mainland China, Hong Kong SAR and in our subsidiary operations in Pakistan. On February 14, 2007 we acquired Paktel, Pakistan's fifth largest operator. The company was renamed CMPAK. We plan to integrate data from CMPAK in our next report, though we have also included information in this report where it is available.

Data Collection

During 2007 we took our first steps towards the coordinated collection of CSR performance data throughout the company and the results of these efforts are included in this report. During 2008 we will further investigate these figures to ensure accuracy and consistency across our company and establish an automated data collection system. We will report on our progress in our next report.

China Mobile 2007 Key Figures (1-9)

Revenue	253.7 billion RMB
Assets	737.5 billion RMB
Number of Customers*	349.66 million
Number of Base Stations	280,000
Number of Employees*	144,557

*Note: Number of Customers is based on China Mobile Limited; Number of Employees is as of December 31, 2007 for China Mobile Communications Corporation.

Company Profile

Officially established on April 20th, 2000, China Mobile Communications Corporation ("China Mobile") has a registered capital of 51.8 billion RMB and as of September 30, 2007 we held assets worth more than 500 billion RMB. We fully hold the equity of China Mobile (HK) Group Limited. China Mobile Limited, of which China Mobile (HK) Group Limited is the major shareholder, set up wholly-owned subsidiaries in 31 provinces (autonomous regions and municipalities directly under the central government) and the Hong Kong Special Administrative Region in China was listed on the Hong Kong and New York stock exchanges. Currently, in terms of its market value, China Mobile Limited is one of the largest Chinese companies listed overseas and the largest mobile telecommunications carrier in the world. We are an official partner of the 2008 Olympic Games.

We operate not only basic mobile voice services but also value-added services such as data, IP telephone and multimedia. We have the right to operate Internet services and international gateways and are reputed for brands like GoTone, Easy-Own and M-Zone. Through years of work, we have established a comprehensive network with extensive coverage, a high quality, rich variety of businesses and first-class customer service. We rank the first in the world in terms of the network scale and the customer base. All of the counties and major cities in China are covered by our network with seamless coverage in key urban areas. We have reached nearly 350 million users, and provide GSM roaming services with 326 operators in 228 countries and regions and GPRS roaming services with

173 operators in 152 countries and regions in the world.

Fortune Magazine has included our company in the Fortune Top 500 for 7 consecutive years, where we are currently ranked 180; the *Financial Times* ranks China Mobile Limited at 16 on the Global 500 Largest Companies; *BusinessWeek* ranks China Mobile Limited at number 10 on the Info Tech 100; and China Mobile Limited was again listed on the *Forbes Asia's* Fabulous 50. *FinanceAsia* rated China Mobile Limited the top Chinese company in 4 categories: "Best Management," "Best Corporate Controls," "Best Investor Relations," and "Strongest Earning Potential." In July 2007 Moody's rated China Mobile Limited as A1 / Positive Outlook and Standard and Poor's rated the company as A / Outlook Stable. In 2007 China Mobile formally endorsed the Global Compact. In addition, our efforts around corporate social responsibility have begun to receive recognition, having received the "China CSR Award" in 2007.

In 2007 we acquired Pakistan's 5th largest mobile operator, Paktel and set up representative offices in the United States and the United Kingdom, continuing progress on our global development strategy.

Facing new challenges as a business, we closely adhere to our core value of "Responsibility Makes Perfection," and with the goal of becoming a global leadership company, leapfrogging from excellence to preeminence through the provision of innovative products and services.

Corporate Social Responsibility Strategy

Growing Together Harmoniously means weaving our business and CSR strategies into one interdependent framework. During 2007 we developed a clearer understanding of the main ways in which our business and CSR strategies support one another:

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

Economic Responsibility

Social Responsibility

Environmental Responsibility

Our Commitments

Economic responsibility:

"We will pursue harmonious and sustainable development through credible and responsible economic activities. To this end, we will demonstrate all our strengths, continue our efforts in innovation and pursue ever greater perfection."

Social responsibility:

"We will pursue the harmonious development of society, striving to achieve synergy between the development of the company and the sustainable development of human society."

Environmental responsibility:

"We will pursue the harmonious development of the environment, endeavoring to protect the natural environment by reducing our consumption of resources and the impact of our operations on the environment."

What This Means for Our Business

Meeting our economic responsibility means managing our long-term sustainability as a business. We will:

- Implement innovative and effective management structures and methods
- Strive to ensure low cost, high efficiency business operations
- Engage in smart risk management
- Grow our business in a way that adds value and takes advantage of our key strengths as a business
- Continuously improve our capabilities and lead our industry

Meeting our social responsibility goes hand in hand with the concept of "informationalization" -- ensuring our technology is widely accessible and applied in ways that benefit society. We will:

- Expand our network coverage to remote areas, providing access to as many people as possible
- Develop a diverse set of products and services that help solve our different customers' problems and promote a mobile lifestyle
- Create a secure and healthy environment for users to enjoy our services
- Support philanthropic causes and use our technology and resources to enable new ways for the public to do so as well

Meeting our environmental responsibility means protecting the natural environment. We will:

- Operate a "green network," one that reduces energy use and helps us lower our emissions
- Closely manage waste disposal and reuse, building an environmentally-friendly company
- Conduct research around EMF issues
- Continue to raise the public's awareness of environmental issues and encourage public participation in environmental activities

We have identified several core issues that are critical to the implementation of our CSR strategy. In 2007 our company made progress on four major CSR programs; in the future, our company will deepen our efforts around five major CSR programs, and report on progress in future reports.

■ Expanding Our Rural Program

Growing successfully in rural markets requires an in-depth understanding of the development and social needs of our customers and potential customers. Through three major networks – our basic network coverage, our rural information network, and our rural sales and service network – we provide services to rural areas, its residents and China's agricultural industry. Examples provided later in this report (see pages 32-36) include our Agriculture Information Service and our "Village Connected" project. Our expertise in rural markets will also become a competitive advantage as we expand overseas in developing markets, helping us further bridge the digital divide. (See pages 30-36)

■ Improving our Life Program

We seek to extend access and service to the most remote areas in China, increase our ability to respond to emergency situations and improve the reliability and potential of mobile phones as a tool during emergency situations. We will also continue to help disadvantaged groups, making full use of the size and scope of our business to work with stakeholders to develop philanthropic platforms, enable care and continuously improve social benefits. (See pages 30-31, 39-42)

■ Strengthen our Cultural Program

We are committed to protecting customer rights, tackling unhealthy

content, and realizing the unique potential of mobile media to make a positive contribution to society through innovative content and service delivery methods. Focusing on our future generations, we will find creative ways to improve the quality of Chinese education through our philanthropic work. We will create good customer and employee relationships and promote the development of a harmonious culture. (See pages 28-29, 43-48)

■ Comprehensive Implementation of our Green Program

We will implement our "Green Action Plan" to reduce energy and manage waste, working with our business partners to ensure that environmentally-friendly practices are integrated across our industry value chain. Innovative services can also help our customers in other industries manage their environmental impacts. We will investigate new solutions that contribute to China's goals of managing waste, reducing energy use and addressing the global issue of climate change. (See pages 49-58)

■ A Widespread Employee Volunteering Program

New for 2008 and based on our internal principle of personal accountability - "Starting From Us" - we will investigate and set up our employee volunteering organization, providing support and incentives to encourage employee participation. Across China, we will run national-level activities to raise employee awareness and create an employee base that is enthusiastic about volunteering and cares about society.

Corporate Governance and CSR Management

Our Approach to Governance

A scientific, complete corporate governance structure is a basic foundation for modern business. We are a State Owned Enterprise and have strived to modernize our business management and develop a strong corporate governance structure under the guidance of the Chinese government and in strict compliance with Chinese law.

The State Owned Asset Supervisory Administrative Committee (SASAC) represents the Chinese Government as our main investor and oversees our corporate management. We fully hold the equity of China Mobile (HK) Group Limited, CMPAK, and Communications Services Companies. China Mobile Limited, of which China Mobile (HK) Group Limited is a 74.33% major shareholder, set up wholly-owned subsidiaries in 31 provinces (autonomous regions and municipalities directly under the central government) and the Hong Kong Special Administrative Region (SAR) in China, China Mobile Peoples Telephone Company Limited in the Hong

Kong Special Administrative Region, and was listed on the Hong Kong and New York stock exchanges.

Our Decision Making Processes

Our company President is in charge of the overall management of the company under Chinese law. Management responsibilities between the company President and its Vice Presidents are clearly outlined within our company policies. SASAC, representing the government as our investor, audits our company President based on a set of key performance indicators and standard review policies, establishing annual agreements and targets as well those for the longer term. In 2006, we were subject to changes in this process when SASAC officially revised its policies on governing the performance reviews of Presidents at State Owned Enterprises. All important decisions are made by the President's Conference Board.

Rules that Govern the President's Conference Board

The President's Conference Board includes the President, Vice Presidents, and the Head of Corporate Affairs. The meetings are run by our company President or our company Vice President. The main goals when the President's Conference Board meets include:

- Set the company's strategy and development plans
- Study and make decisions regarding network planning, resource allocation, business regulations, pricing strategies, investment and financing, capital operation, distribution of profits, technology development, infrastructure, technical changes, and the establishment and adjustment of internal management structures
- Approve the annual budget and finalize accounting
- Monitor performance of department leads and leaders of companies where we have a majority ownership – making key decisions on hiring, and when needed, severance. With our subsidiaries, and according to our legal responsibility, we send people to act as our investor representatives
- Approve rules, decision making, and work reports from boards of directors, audit committees and Presidents at our subsidiaries; we also approve limits (specific limits are set by our company) of investments and loans made by subsidiaries; approve increases or decreases in registered capital funds, as well as the issue of stocks and bonds of our subsidiaries
- Approve key company rules and procedures and related revision processes
- Approve and review any other important decisions

The President's Conference Board can only meet only when two-thirds of its expected attendees are present. Based on the issues being discussed, we may invite others to participate. In certain instances the President's Conference Board may open up meetings with all company employees to communicate important decisions across the company.

In 2007 the central government recognized us for our management performance and presented us an award, "Excellence in Management Performance, 2004-2006." At the same time, in order to protect the rights of our investors and reduce risks in decision-making, SASAC sends high level supervisors to monitor our company. SASAC has released a new policy, "Views on Strengthening and Improving the Auditing and Review of State Owned Enterprises." SASAC has 6 full time supervisors to monitor our performance alongside 2 company-appointed supervisors selected from inside our company. Additionally, in accordance with Chinese law, we have selected a board of employee supervisors, which monitors our company's decision making processes through an employee committee.

Division of Management

Our Senior Management Team



Mr. WANG Jianzhou

Age 59. President of China Mobile Communications Corporation, Executive Director, Chairman and Chief Executive Officer of China Mobile Limited. Mr. Wang is in charge of the overall management of the Company. Mr. Wang holds a Master's Degree in Engineering and a Doctoral Degree in business administration. He is a professor-level senior engineer with extensive knowledge and over 29 years of management experience in the telecommunications industry.



Mr. LI Yue

Age 48. Vice President of China Mobile Communications Corporation and Executive Director and Vice President of China Mobile Limited. Mr. Li assists the President in relation to the company's development strategy, planning, network and information systems. Mr. Li holds a Master's Degree and a Doctoral Degree in business administration. He is a professor-level senior engineer with over 31 years of management experience in the telecommunications industry.



Mr. LU Xiangdong

Age 47. Vice President of China Mobile Communications Corporation and Executive Director and Vice President of China Mobile Limited. Mr. Lu assists the President in relation to the company's marketing, data services, corporate customers and activities related to the Olympic Games. Mr. Lu holds a Master's Degree in wireless telecommunications and a Doctoral Degree in economics. He is a professor-level senior engineer with over 25 years of management experience in the telecommunications industry.



Mr. XUE Taohai

Age 51. Vice President of China Mobile Communications Corporation and Executive Director, Vice President and Chief Financial Officer of China Mobile Limited. Mr. Xue assists the President in relation to the company's financial management, human resources remuneration management and internal audits. Mr. Xue holds a Master's Degree in business administration. He is a senior accountant with over 27 years of management experience in the telecommunications industry and financial management.



Madam HUANG Wenlin

Age 53. Vice President of China Mobile Communications Corporation and Executive Director and Vice President of China Mobile Limited. Madame Huang is responsible for discipline and inspections, the labor union and Party affairs. She assists the President in relation to corporate affairs and the Office of Supervision. Madam Huang holds a Master's Degree in business administration. She is a senior economist with over 37 years of management experience in the telecommunications industry.



Mr. SHA Yuejia

Age 49. Vice President of China Mobile Communications Corporation and Executive Director and Vice President of China Mobile Limited. Mr. Sha assists the President in relation to technology, business support systems, and research and development. Mr. Sha holds a Master's Degree in business administration. He is a professor-level senior engineer with over 25 years of management experience in the telecommunications industry.

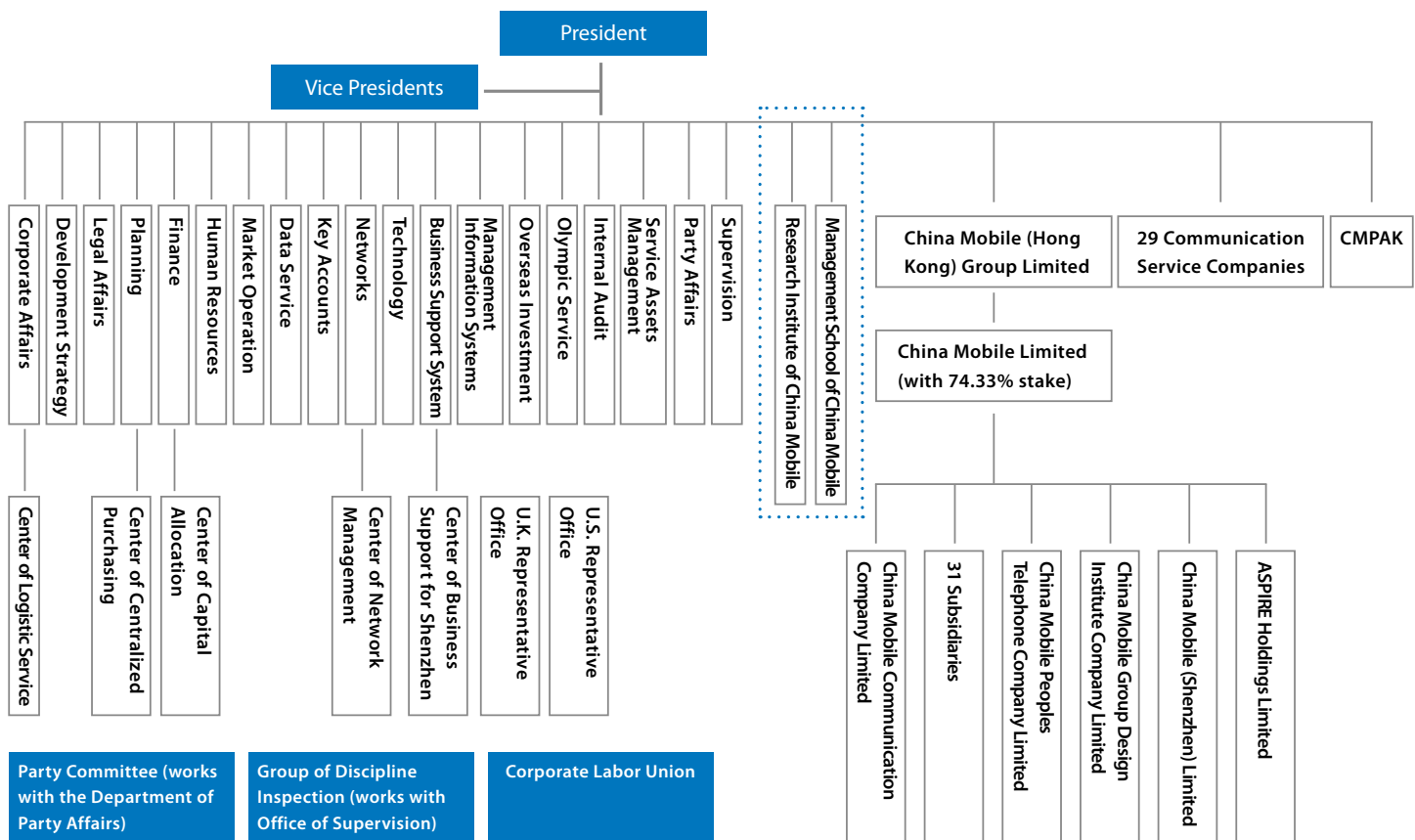


Mr. LIU Aili

Age 43. Vice President of China Mobile Communications Corporation and Executive Director and Vice President of China Mobile Limited. Mr. Liu assists the President in relation to overseas investments and service assets management. Mr. Liu holds a Master's Degree and a Doctoral Degree in business administration. He is a professor-level senior engineer with over 25 years of management experience in the telecommunications industry.

Division of Responsibilities Across Departments

We have a clear division of responsibilities in our 20 departments, as per the diagram below.



Risk Management and Preventing Corruption

Internal Controls

Managing risk and implementing internal controls are a business imperative. Our activities around these issues include:

- **Sarbanes-Oxley Compliance.** We have always operated in adherence to Chinese law and in 2005 we began to ensure our operations were in compliance with U.S. Sarbanes-Oxley Regulation 404 (SOX 404). Compliance with SOX 404 is integrated into performance management at our company and noncompliance results in a deduction in points in a performance review.
- **Accountable Management.** At headquarters and at all eligible subsidiary companies we have created senior management teams that directly involve the company President, Chief Financial Officer and inter-departmental leadership committees.
- **Internal Controls Office.** A new office set up at headquarters that manages internal controls at all of our subsidiary companies, the Internal Controls office is responsible for the implementation of all internal control projects.
- **Documentation.** In accordance to global internal controls framework COSO, we have set up a standard internal control handbook and matrix. Based on these documents, all subsidiaries are required to organize, document and report all financially relevant internal control processes.
- **Internal Controls Inspection Team.** Our internal controls inspection team is comprised of employees from our audit, finance, systems support and network departments. Guided by a set of consistent audit principles, methods and quality control checks, the team conducts independent reviews of internal controls procedures across our company addressing all of our critical management issues.
- **Internal Training.** We have developed new trainings and activities to raise employee awareness around risk management.

Legal Risk Management

In 2005 we were among the first State Owned Enterprises to implement a comprehensive legal risk management system. In 2007 we continued our efforts to strictly adhere to Chinese law and systematically reduce our legal risks as a company.

- **Designating General Counsel.** In 2007 we designated a company-wide general counsel in accordance to guidance from SASAC. Our company's designated general counsel is responsible for all legal affairs at our

company and reports directly to our President.

- **An Independent Legal Affairs Department.** We established an independent Legal Affairs department in 2007, building the department based on Chinese law and international conventions. It is responsible for setting up our internal legal system and legal norms, creating a legal risk management system, and providing legal advice regarding important financial decisions and activities.
- **Our Legal Risk Management System.** We have thoroughly reviewed legal risk management theory and have designed a complete set of tools, methods and processes for legal risk management, legal risk identification, legal risk assessment and legal risk control. We have also set up and tested guidelines for how to manage and mitigate legal risk. Between 2006 and 2007, operations in Beijing, Sichuan and 12 other provinces completed and passed legal risk assessments.

Preventing and Penalizing Corruption

To prevent corruption, we developed an anti-corruption system in accordance to SASAC's guidance set forth in "Advancing Anti-Corruption at Key State-Owned Enterprises, Prevention and Penalties." We also set up an anti-corruption employee code of conduct, an anti-corruption employee handbook and extensive employee training to improve ethical business conduct and deal with conflicts of interest. In 2007 we did not have any cases of corruption within our company.

On September 13, 2007 we jointly hosted a meeting on Anti-Corruption and Bribery with several of our business partners. At the meeting 40 of our business partners – network equipment providers, network construction contractors, service providers, sales channel partners, quality inspectors, advertising agencies and consultancies – signed a document committing to "working together to address corruption and bribery and improve corporate reputations."

Promoting CSR Management

In order to improve how we manage CSR issues, in 2007 we began to implement a scientific, systematic and effective CSR management system. This has taken us from merely reporting on our CSR progress to proactively managing our performance. Our management system clearly designates CSR tasks and responsibilities at company headquarters and in our provincial operations.

Corporate Social Responsibility Steering Committee

Management of CSR starts at the highest level in our company. We set up a CSR Steering Committee, with company President Wang Jianzhou serving as chairman and company Vice President Li Yue serving as vice chair. Committee members include general managers from all departments at headquarters as well as a top executive from our Hong Kong office. The group meets at least once annually – with regular check-ins – to design, discuss and evaluate our company's CSR activities. Reporting to the CSR Steering Committee is our Office for Corporate Social Responsibility, which is housed in our Development Strategy department at headquarters. The Office for Corporate Social Responsibility helps to spearhead and implement our CSR program throughout the company by working with all 20 departments at headquarters and with senior leaders at provincial and city level companies.

Responsibilities of the CSR Steering Committee

- Discuss, approve and support CSR related policies and procedures
- Evaluate and set our CSR goals, strategies, annual plans, and major CSR programs
- Authorize any changes to our company's CSR goals, strategies, annual plans, or major CSR programs
- Review and approve the company's annual CSR report
- Discuss and approve any other major CSR programs

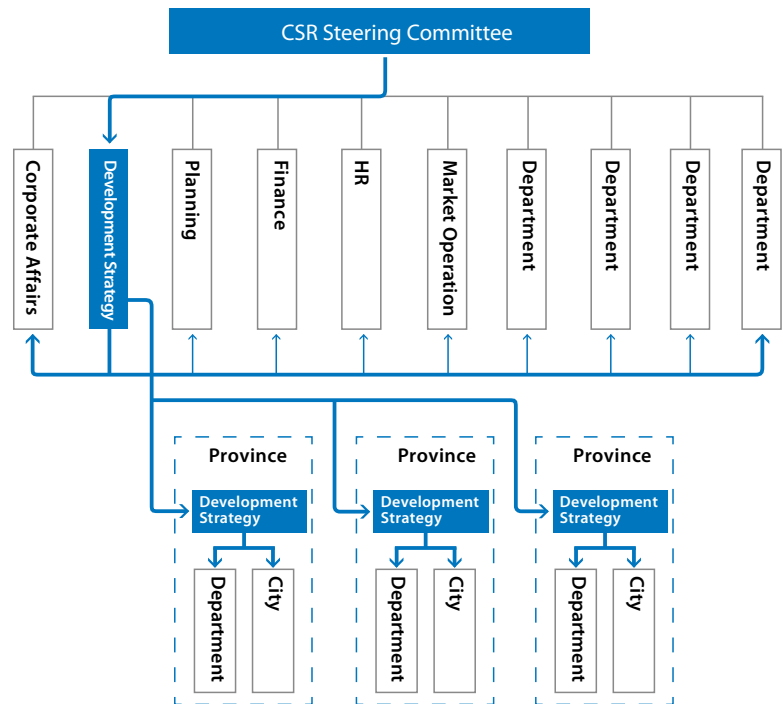


Diagram: China Mobile CSR management structure

Our 3 Year Plan for Managing CSR

Our CSR Governance and Management Framework is at an early stage of implementation and we will report on our progress in future years. We expect that it will take three years to reap the full benefits of this coordinated and planned approach.

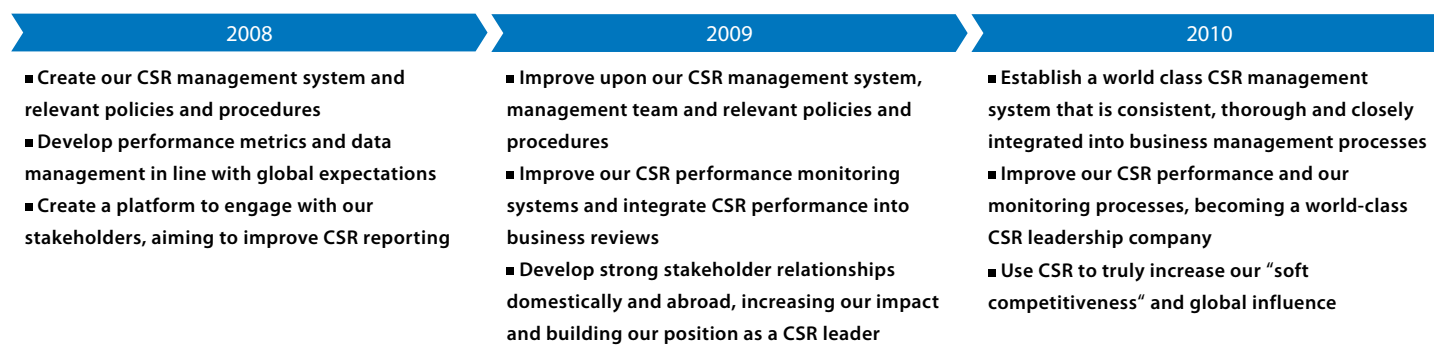


Diagram: China Mobile's 3 year plan for CSR Management, 2008-2010

Our CSR Process Flow

Overall our CSR activities consist of four stages:

- **Policy and Strategy.** CSR will be integrated into our business strategy and CSR strategies will be consistently delegated to provincial- and city-level companies.
- **Program Implementation.** CSR strategies will be turned into programs coordinated at the national level and implemented where relevant locally in the provinces. Provincial level companies are also expected to develop their own locally-relevant CSR program. We will ensure that major CSR projects are properly resourced, well-planned, monitored, and evaluated upon completion – ultimately ensuring that the projects have had a strong impact.
- **Monitoring of Program Success.** We will implement and monitor CSR against a set of key performance indicators. We will monitor performance at the middle and end of the year. Progress will be integrated into performance reviews and could affect bonus.
- **Communication.** Every year we will publish a CSR report and engage with stakeholders on relevant issues.

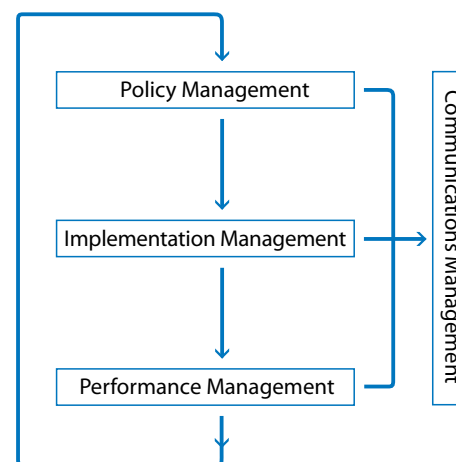


Diagram: China Mobile CSR process flow

Building a CSR Management System, Our Efforts in 2007

We worked hard in 2007 to advance the way we manage CSR across our company. The following are some highlights.



The China Mobile CSR Review, Issue 1

■ **CSR Performance Monitoring.** We instituted a system for collecting qualitative and quantitative CSR performance data on a quarterly basis across our entire company – our 20 HQ departments, our 31 provincial companies, our city-level companies and our Hong Kong offices. For example, in the first half of 2007 we collected 479 CSR cases and conducted an investigation on CSR spend across our company. In Shanxi, Zhejiang and Guangdong provinces we conducted an in-depth study of CSR performance and conducted interviews with local stakeholders. The results of this study informed the development of our CSR management system.

■ **China Mobile CSR Review.** In 2007 we released our first *China Mobile CSR Review*. The Review has become an important platform by which we can discuss key CSR issues, share CSR best practice and build internal awareness. The Review will be published once a quarter from 2008 onwards.

■ **Internal Training.** In 2007 we conducted our first company wide CSR management training involving participants from all 31 provincial companies and our HK office. The training covered our CSR vision, management system, structure and our CSR Key Performance Indicators. Conducting the training helped ensure that CSR is implemented consistently across our company.

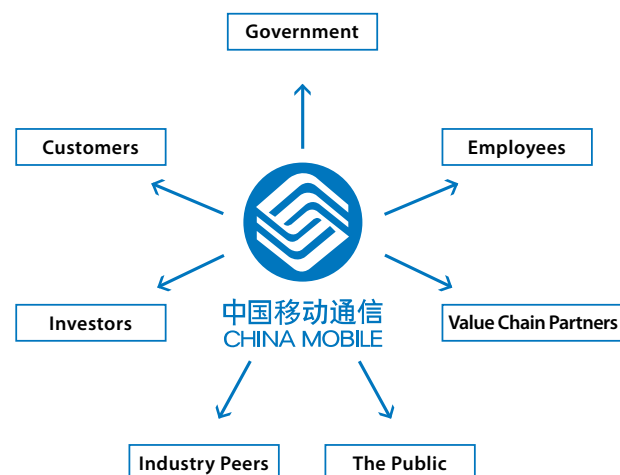
We will continue our efforts to evolve and improve our CSR management system. Some specific priorities during 2008 are:

- Complete our CSR Management Key Performance Indicators
- Build an e-platform to encourage effective CSR management and data collection across our company; the platform will serve as a hub for best practice sharing, data collection and other related CSR activity
- Initiate new programs around critical CSR issues, with an emphasis on rolling out our “Green Action Plan”
- Continue to actively promote and build internal awareness around CSR
- Formally establish a China Mobile employee volunteering program
- Proactively engage and communicate with stakeholders

We will report on our progress on these goals in our 2008 CSR Report.



CSR became a key discussion topic at the annual meeting of China Mobile Strategies and Decisions Advisory Committee



Stakeholder Engagement

We seek to grow in harmony with our stakeholders, build trust and jointly generate value. We view regular, strategic engagement with our stakeholders as a key component of our CSR strategy. We have regular engagements with seven major types of stakeholders, described in the following table:

Stakeholder	Method of Engagement	Stakeholder Expectation	Pages
Government	<ul style="list-style-type: none"> ■ Daily business operations ■ Business meetings 	<ul style="list-style-type: none"> ■ Comply with relevant laws ■ Develop innovative technologies ■ Build a strong Chinese brand ■ Reduce energy use and manage waste 	8-11 21, 23 5, 20-21 49-58
Customers	<ul style="list-style-type: none"> ■ Customer satisfaction survey ■ Customer complaint management ■ Customer service center 	<ul style="list-style-type: none"> ■ Through providing high quality services and innovative services, meet the needs of our customers 	24, 26-29
Investors (SASAC, State Owned Asset Supervisory Administrative Committee)	<ul style="list-style-type: none"> ■ Performance Evaluation for the President ■ Daily management ■ Business meetings 	<ul style="list-style-type: none"> ■ Ensure the viability and appreciation of state assets ■ Play a leading role in economic development 	18-23
Industry Peers	<ul style="list-style-type: none"> ■ Corporate Engagement Meetings ■ Industry Discussion Forums 	<ul style="list-style-type: none"> ■ Build a fair competitive market ■ Ensure sustained industry development 	11, 19-21
The Public	<ul style="list-style-type: none"> ■ Community Engagement ■ Community Investment Activities 	<ul style="list-style-type: none"> ■ Build a harmonious society 	34-35, 56, 58
Value Chain Partners	<ul style="list-style-type: none"> ■ Training for Value Chain Partners ■ Bidding and procurement processes ■ Supplier assessment and management 	<ul style="list-style-type: none"> ■ Work with value chain partners to meet the needs of our customers ■ Mutually beneficial growth 	19-20, 29, 52, 55
Employees	<ul style="list-style-type: none"> ■ Employee Representative Committee meeting ■ Company Appointed Employee Feedback Supervisors 	<ul style="list-style-type: none"> ■ Provide competitive benefits and compensation and opportunities for learning and development 	46-48

In 2007, China Mobile engaged with its key stakeholders around the topic of “Growing Together Harmoniously.”

Stakeholder Type	Specific Stakeholders	Content of Engagement
Suppliers	Huawei, ZTE, Dingqiao	Building a green industry
Stakeholders for our Provincial operations	Business partners, news media, consumers, participants in community investment activity	Understanding how to improve our CSR program by listening to key stakeholders
Global Socially Responsible Investors and CSR organizations	GRI, DJSI, BSR, SynTao, SustainAbility, The Climate Group, DNV, ASrIA	Working with CSR experts, we will improve our CSR performance methods and how we meet global expectations for CSR
Industry Peers	Vodafone, BT, among others	Understand how industry peers manage CSR issues, ultimately improving our own practices
Academics	International Business Ethics Research Center	Creating a CSR management system with Chinese characteristics
Government Groups	SASAC among others	Implementing CSR as a leading State Owned Enterprise
Global Investors	JP Morgan, F&C Investments	Meet shareholder expectations around CSR management

We also engaged with stakeholders on a regular basis during the development of our CSR strategy. We heard the following priorities:

- **Contribution to Development:** Rapidly increasing access to communications in rural areas and understanding how this contribution can generate maximum value for society was repeatedly put forward by stakeholders as a key priority for China Mobile (see pages 32-36).
- **Achieving high standards of corporate governance** as both a Chinese State Owned Enterprise and a public company quoted on the New York and Hong Kong stock exchanges (see pages 8-11).
- **Environmental Management:** Managing the growing environmental impacts that will result from an expanding network, especially around climate change, materials use and waste (see pages 49-58).
- **Customer Relationships:** Maintaining positive relationships with customers and attending to issues of privacy, data security and content (see pages 26-29).
- **Employee Relationships:** Maintaining positive relationships with employees and attending to needs such as training, development and diversity. (see pages 46-48).

In preparing this report we held a number of one-to-one meetings with our stakeholders to understand what they expected to see in a CSR report

from China Mobile. These engagements represented an opportunity to influence the future direction of our CSR reporting.

We focused our engagements on key users of CSR reports and sought their views on what information would most help them make informed decisions and judgments about China Mobile. The following comments were received:

- **CSR and Business Strategy:** Set out the link between China Mobile’s CSR and business strategies and describe how CSR helps build China Mobile’s business (see pages 6-7).
- **Governance and Management Systems:** Provide information about how China Mobile is governed and what systematic processes are in place across China Mobile to manage CSR risks and opportunities (see pages 6-14).
- **CSR Performance:** Report on China Mobile’s performance across important issues, risks and opportunities such as climate change, waste, diversity and health and safety. (see page 59 for a summary)
- **Contribution to Development:** Rural access to communications is clearly an area where China Mobile can make the greatest contribution to sustainable development and should be a significant focus of China Mobile’s reporting (see pages 32-36).

Growing Together with the Economy

As an important player in China's telecommunications industry and a major State Owned Enterprise, we are committed to harmonious economic development: growing together with the economy and growing together with industry.

■ **Growing Together with China's Economy.** China's economy has continued to develop rapidly, growing about 11.4% in 2007. In the context of this development, the telecommunications industry has flourished, reaching a total information industry added value of 1.8 trillion RMB. This growth should continue - according to China's Eleventh Five Year Plan (2006-2010), by the year 2010, the telecommunications industry will represent 10% of China's GDP with 45% of all Chinese citizens (600 million people) using mobile services.

■ **Growing Together with our Industry.** Between January and September 2007 we increased revenues by 20% compared to the same period last year and reached nearly 350 million customers. Our growth has also helped stimulate the growth of our business partners and has helped expand the size and strength of the telecommunications industry.

With our company's size and growth comes significant economic responsibility. Looking forward, by growing the telecommunications industry, actively promoting technical, service and management innovation, and improving competitiveness both domestically and abroad, we will seek to contribute to sustainable development and the generation of value for all stakeholders.

Growing Together with China's Economy

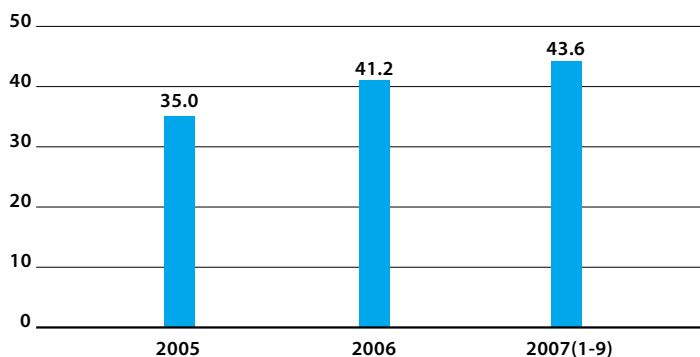
Our growth provides a positive impact on the harmonious and sustainable development of China's economy. As a State Owned Enterprise, we have a direct mandate to help grow the national economy and improve the livelihood of Chinese citizens. This responsibility is manifested in two major ways: our contribution to China's economy and the creation of jobs.

Contributing to Economic Development

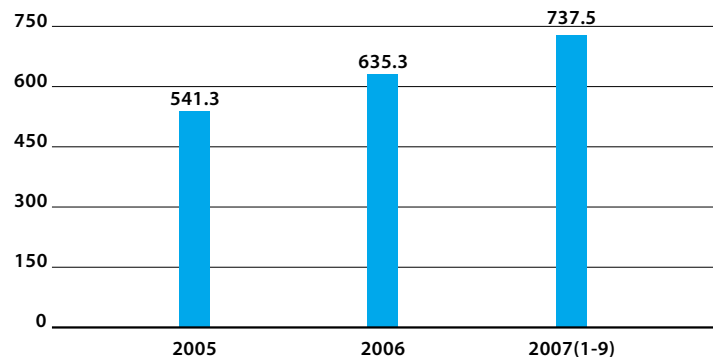
Our company experienced growth in users, revenue, network coverage and services, which not only maintained but also appreciated state assets. In 2007, our continued success has gained the confidence of our main shareholder – the State Owned Asset Supervisory and Administrative Committee (SASAC). After a close audit of our business in 2007, SASAC recognized us with a "Corporate Excellence" award, designating our company as an "A-level" enterprise.

Given the size of our enterprise, our operations have a relatively significant impact on the national economy. Based on expert's estimates, in the past 3 years we directly contributed 1.29% to China's national income, and 1.97% to national economic demand. Our continued economic success ensures that we're increasing shareholder value – and because our company's main shareholder is the State – our operations are a model for the effective use and management of state-owned assets.

China Mobile Total Taxes Paid (Unit: billions of RMB)



China Mobile Total Assets (Unit: billions of RMB)



Creating Opportunities for Employment

According to China's Eleventh Five Year Plan, China has a very clear national target around the issue of employment: to hold national unemployment rates below 5%. Our company has had a positive direct and indirect impact on job creation in China. The growth of our services, products and market has created employment opportunities within our

company, within our industry, and within companies in our supply base. Between January and September 2007 we indirectly provided employment for 1.37 million people. These include contractors, employees at third-party sales channels and employees at service providers.

Over the course of 2007 in the Binzhou region of Shandong, we set up agreements with more than 5,000 rural shops to sell China Mobile services on our behalf. This not only extended the reach and availability of our services, but also created nearly 15,000 employment opportunities in the area.

Growing Together with our Industry

We play a key role in the accelerating the development of China's mobile telecommunications industry, enhancing the competitiveness of the sector and improving our prominence in the global telecommunications industry. 2007 will mark China's 20th year using cellular radio systems in a commercial context and our company's development has played a major role in driving the growth of the mobile telecommunications industry in China. Growing together with our industry, we have expanded industry size, built win-win business partnerships, promoted innovative technology and developed global markets.

Expanding Industry Size

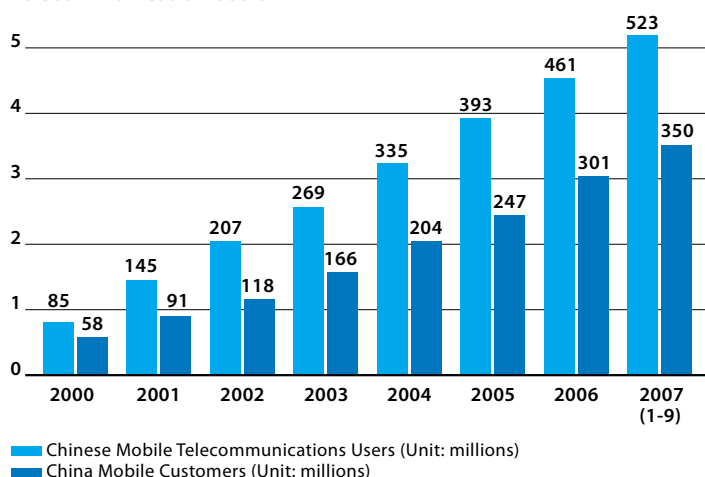
Between 1987 and 2007 China's mobile telecommunications industry has undergone tremendous growth that has garnered global attention. During the course of our development, we have been important players in China – and as we continue to grow – our efforts are gradually being recognized by the global telecommunications industry as well.

Growing the Market, Extending the Availability of Mobile Services

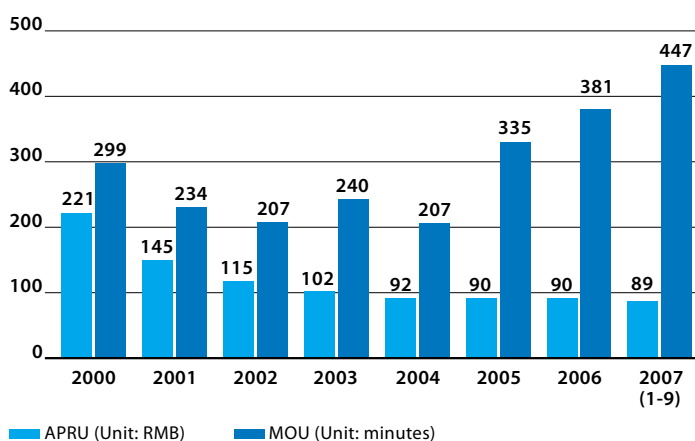
China's telecommunications industry has experienced incredibly intense growth in the last 20 years. In 1987, when the first mobile phone call was made over China's cellular radio system, the whole of China had 1 million users. The numbers have since skyrocketed – in 2001 the number was 100

million and at the start of 2002 it had grown to 200 million; by 2007 users exceeded 500 million. With nearly 350 million customers, we have been at the leading edge of this rapid domestic growth, and are also becoming increasingly important players in the global telecommunications industry.

China Mobile Users Compared to Total Chinese Mobile Telecommunication Users



Changes in China Mobile's Average Revenue Per User (APRU) and Minutes of Usage Per User Per Month (MOU)



Alongside the growth of our industry, we have developed a wide range of services and payment options that meet the diverse needs of our users. We have reduced cost barriers, established payment plans suitable for users at all income levels and reduced the cost of our services. From 2000 to 2007, MOU (Minutes Of Usage per user per month) has doubled while average user fees have remained nearly constant. Previously a luxury service, mobile services are now mainstream.

Driving Growth in our Value Chain

The expansion of our business has served to build the business of manufacturers of network equipment, mobile phones and the providers of information services. The rapid expansion of our network coverage has created a high demand and investment in network equipment. In 1994, the mobile telecommunications industry in China had an investment of fixed assets of 6.8 billion RMB; that number grew to 145 billion RMB by 2006. Between January and September 2007 our investment in fixed assets was 78.8 billion RMB representing 51.5% of investments in the telecommunications industry.

Growth in mobile information and Internet services has also been significant. In November 2000 China Mobile launched its "Monternet" plan, which effectively brought two important players into our value chain: value-added and mobile Internet services. Between 2001 and 2006, revenues generated from value-added and mobile Internet services grew from virtually nothing to 14 billion RMB, with composite Annual Growth Rates (CAGR) reaching 106%. In the last 6 years, the number of mobile information service providers has grown from 0 to nearly 20,000. This growing industry now comprises 80% of the all value added services in the mobile telecommunications industry.

Building Win-Win Business Partnerships

Growing the business has meant continuously extending our network and providing a wide range of services to our customers. Our growth goes hand in hand with our business partners. Our major partners include:

- Equipment suppliers that manufacture our network equipment
- Service Providers (SPs) that help provide our value-added services
- Third party sales channels, retailers that sell mobile services on our behalf

Equipment Suppliers

In our Tier 1 Centralized Purchasing, we have more than 200 suppliers. These suppliers can be sorted into 11 categories: network equipment, base station facilities, transmitting equipment, servers, fiber optics and cables, power supplies and dynamic power control systems, among others. As we expand our network, we are also driving growth in their respective industries. We use our buying power to support the development of local industry. Under conditions where quality, pricing and other factors are similar, we will give preferential treatment to local suppliers. In China, rechargeable batteries and antennas are among the products we generally source locally.

Service Providers

We are seeing strong growth in the provision of value added services; during 2007 these accounted for 25.2% of our revenues. Our value added services are provided under our "Monternet" platform and include SMS, WAP, MMS and Color Ring. These value added services are based upon a network of Service Providers ("SPs") that deliver content over our "Monternet" platform. We collect a 15% fee for distributing their services, and in turn we have used our extensive network and powerful business support systems to create market opportunities for SPs, helping them develop into innovative, high growth companies.

To effectively manage our SPs, we have set up tiers and implemented robust ranking systems to assess performance. We have also invested significantly to develop SP companies, holding SP forums, trainings and other programs.

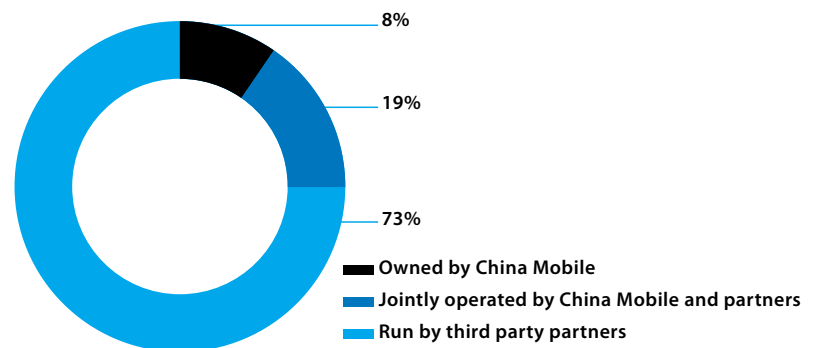
Third Party Sales Channel Partners

China Mobile's services cover 31 Chinese provinces, the Hong Kong Special Administrative Region and Pakistan – and with such wide coverage, strong sales and distribution channels are critical for success. As of September 2007, we had 514,707 sales channels across our company, of which 473,150 (92%) were run by third party partners. We provide our third party sales partners with commission for selling our services as well as support to grow and develop.

In 2004 we launched our "Golden Value Chain Program" in Jiangsu, a program that helps us manage major business partners (network and equipment suppliers, Service Providers and third party sales channels) in a way that is clear, consistent and transparent. Based on the significance of the business relationship and annual performance reviews, we separate business partners into 3 tiers. Tier 1 and Tier 2 partners are subject to preferential policies and in certain cases financial support based on positive business performance. With Tier 1 suppliers, we frequently host seminars, forums and engage in joint-research efforts.

In Beijing, we opened a Monternet Training Center. Through the Monternet Training Center, Service Providers (SPs) can learn about the Monternet system's management structures, business processes, customer service mechanisms and new technologies. More than 300 people working at SPs have gone through certification courses on SMS messaging, multi-media messaging, IVR, and WAP services.

Breakdown of China Mobile Sales Channels



In Henan we established a fund valued at nearly 10 million RMB dedicated to developing and recognizing our third party sales channel partners. We provided marketing materials, helped create local marketing and development plans, and recognized and provided financial rewards for our top third party sales channel partners.

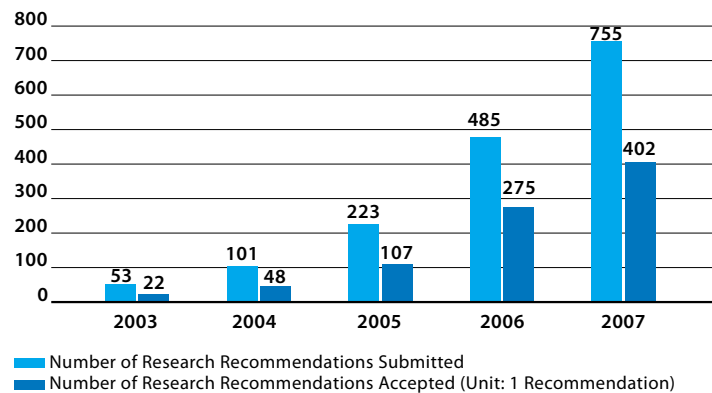
Promoting Technical Innovation

Our ability to innovate is critical and we view our influence on global industry standards as a key indicator of our ability to innovate. In 2002 we started to become involved in the development of technical standardization that is important to the global success of the mobile communications industry. We have also helped to initiate more than 30 different working committees on technical standards and chaired more than 20 of them. We have helped spearhead global research to develop international technical standards such as 3GPP, NGMN, OMA, GSMA, and CCSA.

We have worked closely on a Next Generation Mobile Networks (NGMN) working committee. The committee made significant progress in 2007, expanding membership to 36 members (from 7 in 2006) including mobile operators, major equipment providers and research institutes. With increased size, the committee has extended its influence, affecting other standards such as LTE (long term evolution), and releasing a white paper that provides a needs assessment regarding network frequencies. The committee has worked on Intellectual Property Rights (IPR), ensuring that procedures allow for patent rights and fees to be set and protected effectively. It has also worked on next generation systems testing, conducting a technical assessments, technical assurance, and working on mobile phone protocols and technical alignment strategies.

Our company is committed to future research to improve technical standards – for both our company and for the global telecommunications industry. The chart below provides a roadmap for how we hope to participate in global technical standards in our industry.

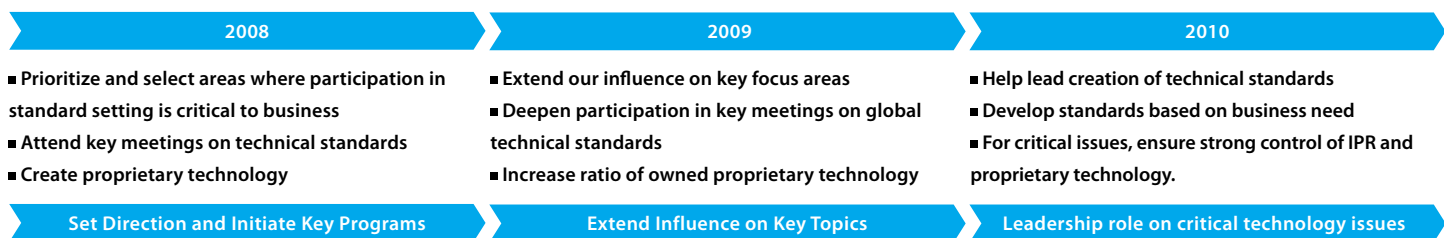
Number of Research Recommendations on Technical Standards Submitted by China Mobile



TD-SCDMA Technical Research

Based on the needs of the telecommunications industry we have established TD-SCDMA technical protocols and assessment systems. We have made several suggestions for improvements on the use of TD equipment, antennas, application technologies and capa city, which have helped the development and improvement of TD-SCDMA technology. At the same time, with strong support from the government, we have helped lead global efforts to integrate China's TDD standards into global systems. Through our efforts, we were successful in establishing a unified LTE (long term evolution) standard for TDD, creating a space for the future development of TD-LTE technology.

China Mobile 2008-2010 Plans for Technical Innovation



Expanding Overseas Markets

Realizing our "Going Out" strategy - becoming a strong multi-national company with a global brand - is a request that the Chinese government has made of large State Owned Enterprises. It is also a natural next step for China's telecommunications industry after the country's accession into the World Trade Organization.

In line with these trends, in February 2007 we acquired Pakistan's 5th largest mobile operator, Paktel. Our experience expanding mobile operations and services into China's rural areas will be useful to us as we build our business in Pakistan. In 2007 we also set up representative offices in the United States and the United Kingdom. Overall, our "Going Out" strategy is an opportunity for our company to grow and extend the influence and competitiveness of China's telecommunications industry.



In February 2007 we expanded overseas, acquiring Paktel

Innovation

Innovation is a leading priority for China. In 2006, domestic spend on research and development reached an estimated total of 300 billion RMB. In China's Eleventh Five Year Plan, the government clearly described the role of innovation in the telecommunications industry: for China's telecommunications companies, innovation is critical for growth, competitiveness, a healthy business environment and strategic breakthroughs.

We believe strongly that innovation is essential for growing our business, managing our work efficiently and being a responsible enterprise. In the last 10 years, we have made every effort to build a corporate culture and structure that promotes innovations in technology, management and service.

Innovations in Operational Efficiency

Our networks, our services and our overall business have all expanded very quickly. The rapid pace of development poses formidable challenges to our management systems, our corporate structure, and our ability to control risk. To help us meet these challenges, we have implemented innovative new ways to run our business.

We are undertaking efforts to further centralize and align critical aspects of our business with the explicit goal of reducing costs, improving efficiency and raising competitiveness. One way we are doing this is by centralizing and standardizing the way we operate our network equipment. We want to harmonize network technology allowing the operations to be run in a way that reduces overhead, increases resource efficiency, improves our ability to monitor change and eliminates redundancy.

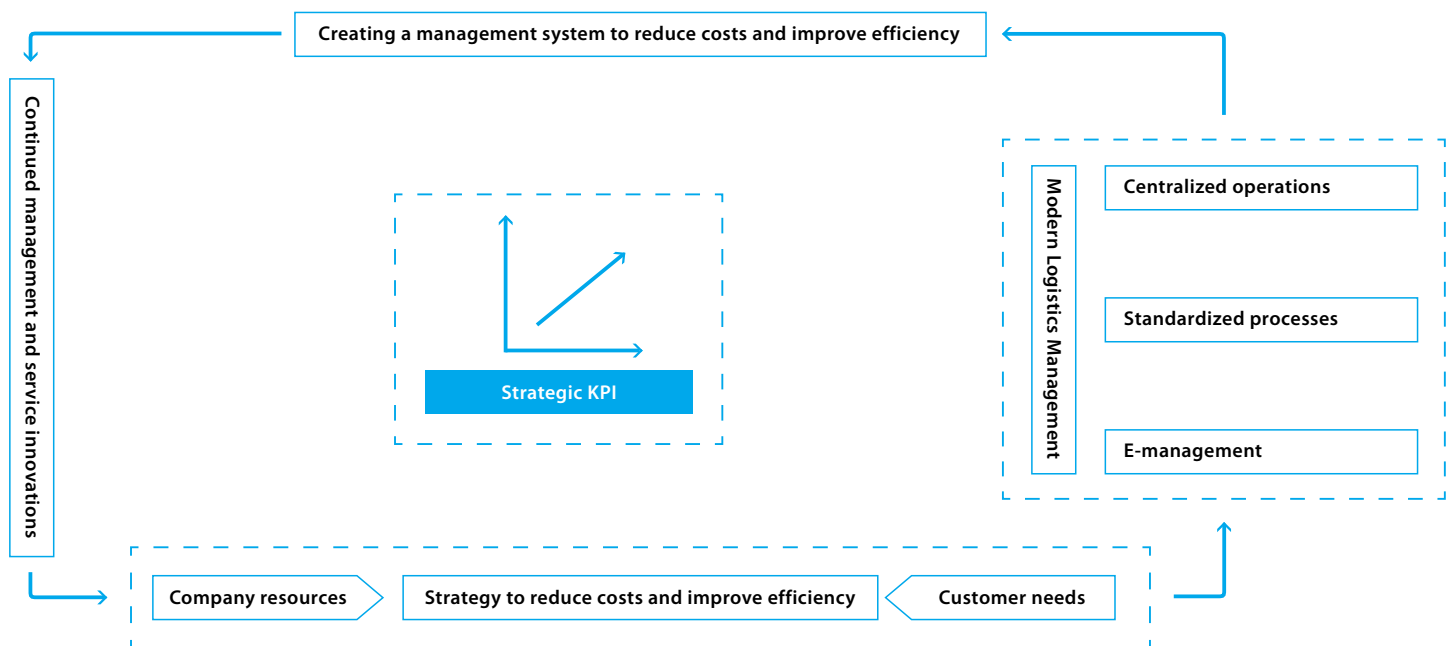
We are pleased that our efforts to improve operational efficiency have

achieved two major results in 2007: improved network quality and improved resource efficiency.

Improving Network Quality. Indicators of improved network quality include:

- Billing accuracy has reached 99.99%
- We now offer more than 10,000 types of mobile services
- Daily SMS volume has exceed 1.2 billion, with success rates exceeding 99%
- We continue to be a global leader in dropped call rates. Our rate, which sat steadily below 0.8% in 2007, is well below the average of other leading global mobile operators, which according to our research sits at about 1.2%

Improved Resource Efficiency. Compared to leading global mobile operators, our cost per customer is among the lowest in the world; at the same time we have the highest minutes of usage compared to our number of employees.



China Mobile's Model for Innovation in Operational Efficiency

Enabling Technical Innovation in our Business

Innovation cannot grow without a system to support it. In the past few years we have sought to establish a more mature system, a set of strategies and a culture that enable innovation.

We want to be in a position to monitor, enable and evaluate all efforts to innovate. In 2007, we reassessed our innovation strategy and formalized several aspects of our program by setting policies and procedures that help guide our company's practices around innovation.

The number of patents we apply for is a good indicator of our company's technical innovation. In 2007 we worked to systemize the processes we use to advance new technology to a 'patent-ready' stage. We established an overall policy framework that accounted for each stage of patent development and wrote standard internal guidance for each stage.

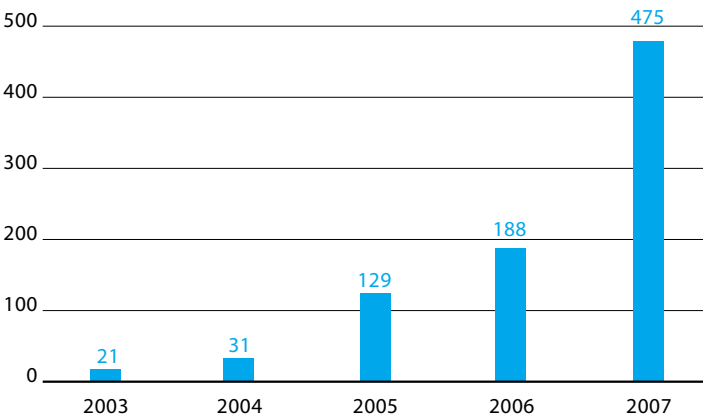
Since we began applying for patents, up until the first half of 2007, we have applied for a total of 851 patents, successfully obtaining 67 of them. During the entirety of 2007 we invested more than 6 billion RMB in research and development on technical issues.

Next Generation GSM (NG-GSM)

As many mobile networks switch to 3G, the current commonly used network – GSM (Global System for Mobile communications) - runs the risk of becoming obsolete. However, although GSM does not have many features available through 3G, China has already invested heavily in GSM technology, and while we are fully supportive of innovative new network technology like 3G, we are also working to ensure that GSM can evolve into the future.

We have worked to update GSM technology in a way is still fully compatible with existing GSM networks, but also integrates many new products and services, such as better IP protection. This updated technology – Next Generation GSM (NG-GSM) – extends the lifespan of existing equipment, technology and infrastructure. To date, our company has developed 576 technical protocols for NG-GSM and has applied for 5 patents on the subject.

Number of Patents Applications Submitted by China Mobile
(Unit: 1 application)



Innovative Services for our Customers

To satisfy our customers we need to meet their essential mobile communication needs; to advance as a business, we need to innovate, anticipate and shape future mobile communication demands. Take the example of our mobile communications network. Operating our extensive network makes us a mobile communications expert, but to fully take advantage of our network we need to evolve and also become a mobile information expert.

We are committed to this evolution: we will form fruitful partnerships with Service Providers, continue to develop the most effective methods to deliver information and encourage the wide uptake of mobile information services. Our efforts are starting to show success and we are gradually becoming a leading mobile information provider. In the last 3 years, our value-added services (many of which are information services) have not only grown in total volume, they have also increased as a percentage of our company's total revenue, from 15.5% in 2004 to 25.2% by June of 2007.

Mobile Media

Our current mobile media services include: mobile news; wireless music; mobile literature and mobile television. The mobile news service,

which currently hosts 22 million subscribers, keeps users informed with customized news updates. In addition to news, subscribers are kept informed about major national events and stories. The mobile music service, which includes a mobile music club, allows customers to listen to music clips and feature different songs through Color Ring (this service lets users specify one or a set of songs to play when others call them). We are currently working to allow users to download full songs. The mobile music service provides 20 million subscribers with the ability to enjoy music while simultaneously protecting the artists' intellectual property rights.

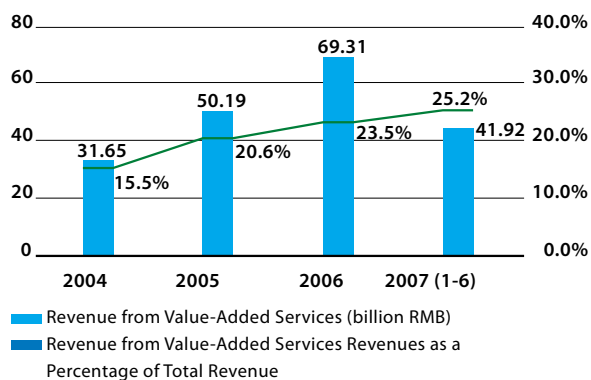
Multi-Functional Mobile Phones

We are expanding "traditional" uses for mobile technology with programs such as: mobile wallet; mobile purchasing; mobile trading; mobile mailboxes; location specific directory assistance; mobile maps; and mobile navigation. Our "mobile wallet" service, for example, allows subscribers to purchase small items and manage their bank accounts through their mobile phones. Through another service, "mobile purchasing", we allow users to buy items such as movie tickets and train tickets via their mobile phone; once a purchase has been made, we send bar codes to them via multi-media messages which they can then use in lieu of tickets.

China Mobile Service Offerings (Unit: millions of users)

Year	One-to-one SMS	Monternet SMS	MMS	GPRS	Color-Ring	WAP
2005	206.68	152.04	31.88	64.41	90.84	23.58
2006	270.05	181.41	61.85	130.76	170.36	41.82
2007 (1-9)	336.11	220.25	80.74	120.90	248.88	24.62

China Mobile Value Added Services



China Mobile Media-Related Data Services (Unit: millions of users)

Year	Fetion	Mobile Newspaper	Mobile Music Club	Mobile Music Platform
2006	5.78	1.71	16.13	0.85
2007.3	14.61	7.23	31.85	11.45
2007.6	37.55	15.19	48.05	17.87
2007.9	59.41	22.49	59.68	21.28

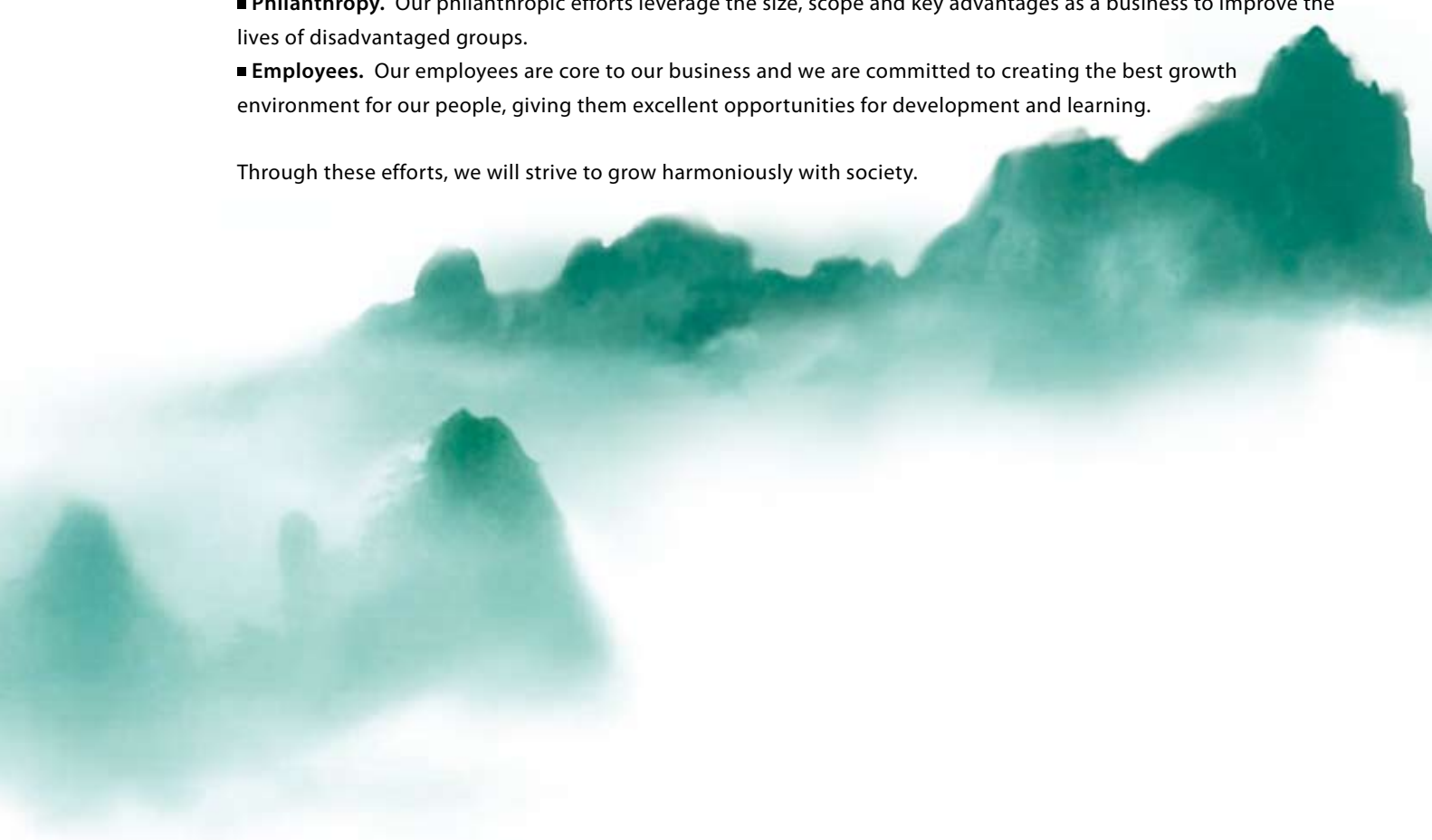
Growing Harmoniously with Society

The concepts of “a scientific outlook on development” (balanced and sustainable growth that focuses on people) and social harmony are explicit expectations of Chinese society.

These two themes resonate strongly with how we run our business. We are committed to building an Information Society, one that grows in harmony with Chinese society, puts people first, and operates with a focus on development. This presents several opportunities for us to fulfill our social responsibilities:

- **Customers.** We have made every effort to satisfy customer needs by providing affordable, innovative and high quality services.
- **Network Coverage.** We are also committed to expanding our network so citizens in even the most remote areas have telecommunications access.
- **The Digital Divide.** We will use our expertise in delivering information to help bridge the digital divide and improve livelihoods through technology. We view technology as an enabler with a major role to play in shaping development in rural areas – commonly referred to as “Building a New Chinese Countryside.”
- **Philanthropy.** Our philanthropic efforts leverage the size, scope and key advantages as a business to improve the lives of disadvantaged groups.
- **Employees.** Our employees are core to our business and we are committed to creating the best growth environment for our people, giving them excellent opportunities for development and learning.

Through these efforts, we will strive to grow harmoniously with society.



Customer Relationships

We have more customers than any other mobile telecommunications company in the world. As of the end of September 2007 we had nearly 350 million users representing 30% of China's total population. For this reason developing harmonious relationships with our customers and protecting their interests is both an enormous challenge and an important priority for our company.

Our approach to customer relationships is based upon:

- Providing fair, accurate and transparent billing and pricing
- Protecting consumer privacy and data security
- Tackling unhealthy content such as spam and fraud
- Monitoring and improving customer satisfaction

Building Confidence in our Services

In 2006, in an effort to improve customer relationship management and satisfaction, we conducted a systematic survey of our customers that revealed two key areas of major customer concern:

- Transparent pricing, which included billing and service plans
- Fraudulent activity

We initiated a new program in 2007 - "Customer Confidence, Satisfaction 100" - to manage these concerns and build customer confidence. Under this program we revised our customer contracts to enhance clarity, improved our billing system, added system-checks to ensure that customers don't unknowingly subscribe to paid services and undertook efforts to tackle fraudulent activity.

Fair Pricing

We have a responsibility to create mobile phone services that are affordable and accessible to any potential user. To meet this responsibility, we offer a very wide range of service plans designed to meet the needs of customers with different income levels and usage behavior. We designed our M-Zone service to suit the needs of student users and our GoTone service to meet the needs of business users.

For rural users, we have developed services that are both affordable and useful. For instance in Guangdong we have designed a 3-tiered information service available for users free or at a low cost:

- Tier 1 services provide free legal and policy updates, agricultural weather forecasting, agricultural "hot topics," and agricultural trends and pricing.
- Tier 2 services allow users to receive more regular information services.
- Tier 3 services allow users to create, request and tailor the specific information they want delivered to their mobile phones.

Payment Notices and Billing Transparency

Directly addressing customer complaints that they did not understand mobile service pricing, we have changed our internal procedures and system hardware to improve transparency.

- Subscription Contracts. In February 2007 we revised our subscription contracts for clarity and transparency.
- Subscription Double Check. We have added a system-check to make sure customers do not inadvertently sign up for subscription services. Before being charged for service, all customers are sent SMS alerts which clearly

state the name of the service provider, the name of the service, pricing information and cancellation mechanisms. Only after customers confirm their subscriptions are they enrolled in our services.

- Access to Cancellation Information. We have made cancellation and subscription details extremely accessible to our customers. Any customer who sends a "0000" SMS message to our most common hotline "10086" is immediately provided with service, billing and cancellation information.
- Call Center Service Commitment. We also seek to provide excellent service in our call centers and have a commitment that any customer who calls "10086" can get his or her issues dealt with promptly by the person who picks up the phone - without having to be transferred.
- Improving Back End Systems. In 2007 we have also made changes to our Data Services Management Platform (DSMP), automating several processes that improve our transparency to customers. These include automation of subscription double checks, reminders sent after purchases are made, cancellation features and recordkeeping for billing accuracy.

Accurate Billing

Accurate billing is a fundamental requirement for our customers and it's a very high priority for our company, one that ranks very highly in our internal performance reviews. China Mobile strictly adheres to "Telecommunications Rules" and "Telecommunications Guidelines" along with other related industry standards, reviewing billing lists carefully and closely following service agreements. We also have an "Any Billing Error, Double Refund" scheme whereby customers are refunded twice the amount of any error detected.

Billing Accuracy (%)

	2005	2006	2007
Voice Services	99.995	99.996	99.998

Preventing Fraud

We have increased our efforts to prevent fraud and have built a "Network Safety," a program designed to prevent and manage fraudulent activity over our mobile network, creating a safe space for customers to enjoy mobile services.

Managing “Web Mice”

In recent years a new form of telephone fraud known as “Web Mice” has emerged. Using a multiple pre-paid mobile phone numbers, offenders call users and immediately hang up – which prompts a missed call on a customer’s mobile phone. People who call back are enticed by fraudulent claims – many for example are told they have won a local lottery – and may end up entangled in a scheme designed to mine personal data and collect illegitimate fees.

In cooperation with local authorities, we began a concerted effort to crack down on Web Mice in Guangdong. After a period of investigation, we initiated real-time monitoring and positioning to locate offenders on site, helping the authorities successfully close down 5 sites, arresting 12 individuals, and confiscating 236 mobile phones and 289 sets of automated dialing equipment.

These 5 Web Mice sites made a total of more than 18.6 million calls every month, and because of this extremely high volume of calls, preventing these schemes not only protected network safety, it also improved the quality of calls in the local area.

Data Security and Customer Privacy

We have a responsibility to protect customer privacy and ensure data security. The scale of this responsibility is growing as the number of China Mobile customers increases and as the amount of data stored, communicated and transmitted over our networks grows.

Starting in early 2002, we set up a “Data Security Leadership Team” and an “Office for Network and Data Security.” Both are comprised of leaders from relevant departments and are headed by company Vice President Li Yue. The Leadership Team has enacted stringent network and information security policies, standards and procedures and the Office has conducted regular internal audits and risk assessments for data security.

For employees who may come in contact with consumer data, we have enacted strict requirements for information security and confidentiality. Across our business, we have implemented technical and operational “checks” to ensure that customer information is not misused.

Prevention Technology

We have put in place stringent measures – both in terms of technology and company processes – to protect customer privacy and prevent customer information from being misused or obtained illegally. Our data management hardware and software operate under strict security regulations and controls; our internal policies protect customer data and accounts for several different data security scenarios, providing detailed guidance for each situation.



We protect customer data security using the newest available technologies

Informing our Customers about Data Security

We are committed to raising customer awareness around data security issues as a first step toward preventing the misuse of customer data. For example, we promoted a security option that allows no one but our company and the customer to access certain personal data.

In Hunan, to enhance privacy settings for our customers, we have initiated a program called “Billing Security Safes.” For users of this service, detailed billing information becomes inaccessible at all of the following sites: China Mobile retail stores, automatic China Mobile data terminals, online data terminals, SMS service information centers, 10086 Call Centers and Monternet mailboxes. This fully secures a customer’s phone and billing records -- where adequate documentation is provided, the only exceptions are police stations, legal inspection departments and the courts. As of the end of September 2007, 5,594 customers in Hunan subscribed to this service.

Like all telecommunications companies we need to balance our commitment to consumer privacy with the need to work with law enforcement authorities as part of their legitimate efforts to investigate illegal activities. We have processes in place to protect our customers, and have implemented a very strict set of internal procedures and processes that guides how and when our company cooperates with authorities on legal enforcement.

Tackling Spam

Ensuring that our mobile communications platform contributes to public well being requires that we take responsibility in tackling unwanted content - spam - which in China is often sent via SMS and multi-media messages (MMS). We have closely investigated the distribution of spam as part of our nationwide program to eliminate these messages. We have set up prevention and management methods that include policies and procedures, staff accountability and the continuous improvement of technical controls.

■ White Paper: "Guidance for the Management of Unwanted Messages."

In 2007, taking into account Chinese laws and regulations, we released an internal white paper to guide the management of unwanted messages across our company. The white paper assigns different departments with specific roles in managing unwanted messages and sets a clear definition for what can be defined as an unwanted message. The paper provides a set

of guidelines we use to prevent and manage unwanted messages in each of the provinces where we have operations.

■ **Tightening Technical Controls.** We have tightened our technical controls to better manage and prevent the distribution of spam. Our technical platform is now better equipped to monitor the distribution of spam and is aligned closely with our customer complaints systems, which allows us to promptly investigate and resolve spam-related complaints. Any sender of spam found to be breaking local or national laws are reported to authorities according to our management procedures.

■ **Listening to Our Customers.** In January 2007 we launched "Customer Confidence, Satisfaction 100", a new program that promotes the use of SMS and live customer hotlines "10086999" and "10086", which allow customers to easily report unwanted messages. Through these hotlines we have collected, categorized and analyzed customer complaints regarding spam.

SMS Spam Prevention Programs

In 2007 we implemented several spam prevention programs:

Across the company, we initiated a program called, "Welcoming the 17th National Congress of the Communist Party of China, Monitoring Network Quality." All employees were encouraged to help reduce spam sent via SMS by reporting it. 91.6% of company employees participated and through the program, 650,000 SMS messages were flagged and accordingly managed.

In March 2007 we initiated a successful program in Henan that improved the way we manage unwanted messages sent via our Monternet platform. Between January and September 2007, compared to the same time period in 2006, we saw a 56% decrease in customer complaints regarding the Monternet platform. Representing more than 300 Service Providers (SPs) from across the country, 26 of our SPs worked together to design and present an "Honest Service Initiative," a program aimed at reducing unwanted messages. At the same time, from our customer base in Henan, we selected 37 "Monternet Guards" to help monitor our SPs. Altogether, we penalized 83 SPs through this program, of which we canceled contracts with 37 for major repeat infractions.

Between May and June 2007, we conducted an audit of all Monternet

partners in Shanghai and created a "blacklist" to alert SPs found to be in violation of our practices. A total of 38 SPs landed on our blacklist, and we canceled contracts with 2 providers for multiple instances of noncompliance. Concurrently we implemented a comprehensive, three-phased approach for monitoring our Monternet partners. Since setting up the program we have been able to follow up and resolve 100% of Monternet-related customer complaints.

In 2007, our operations in Jiangsu invested 8.66 million RMB to manage unwanted messages. Between May and August, we locked the numbers of 15,804 senders of unwanted messages, effectively preventing the distribution of 95 million unwanted messages. We estimate that in Jiangsu our efforts have managed to prevent the distribution of 68% of all unwanted messages, accurately identifying 96% of these messages. We were also able to prevent 80% of harassing phone calls, accurately identifying 95% of them. The program has been successful – whereas we received thousands of customer complaints each month prior to the launch of this program, we now receive about 200 customer complaints a month.

Promoting a "Healthy" Mobile Messaging Culture

To reflect and implement the government's objective to build an Internet culture with Socialist characteristics, we worked in accordance with the Ministry of Information Industry's "Green Light Internet Project." With two major objectives – first to strengthen Internet culture and second to reduce the transmission of harmful messages – we worked continuously to improve the mobile information service environment and promote a healthy mobile messaging culture. We promoted "red sayings," (positive sayings and messages sent via SMS) "e-thumb literature" and other healthy messaging services. These services encouraged customers to use mobile

services to transmit positive messages – and as a result, users produced, purchased, used and sent positive SMS messages. These all had a positive impact on the way that SMS messages are used. As of 2007 we have held 3 "e-thumb literature" competitions and have received more than 1.2 million submissions from customers; in the past 3 years, we have received more than 14 million "red sayings" from customers. In the same 3 years, more than 30 million of these red sayings were sent and the services had more than 60 million customer hits. The red sayings have been downloaded and passed along more than 100 million times in the past 3 years.



In Jiangsu blind customers use new contracts written in Braille

Managing our Service Providers

We have been building a management system to increase supervision of our Service Providers (SPs):

- **Clear and transparent approval processes:** We have set up a two-step approval process that SPs must pass before being allowed to access our Monternet platform. We require that all SPs have value-added service business licenses (licenses are authorized by China's Ministry of Information Industry) as well as detailed documentation to ensure they have appropriate publishing rights to the information or service they distribute.
- **Improved Cooperation Guidelines:** We have set out specific regulations for each phase of collaboration with SPs which are regularly updated according to new regulations and requirements.
- **Ethical Business Performance Standards for SPs:** We

regularly audit our SPs against their ethical business standards and penalize those that do not meet standards.

- **Tiered Management for SPs:** Our SPs are tiered according to how closely they adhere to ethical business standards. This rating is integrated into how the service provider is ranked overall in our SP management system. Ultimately this means an SP's overall business is in part determined by their ethical business performance.
- **Technical Controls:** Through our data services management platform – a back-end technical control system – we have been able to implement technical controls to better manage SPs.
- **Centralized Services for our SPs:** We have implemented a nationwide service center to provide SPs with a one-stop shop to manage business performance, certify business practices, pilot services, pilot billing systems and build cooperative marketing programs.

Managing Customer Satisfaction

We attach great importance to making prompt improvements to our customer service based on feedback from our customers. Customer feedback is received through various means such as a customer service hotline (10086) and regular customer satisfaction surveys.

In addition, using a third party, we conduct regular customer satisfaction surveys between July and November of every year. The survey canvasses about 180,000 customers from across the country via telephone interviews.

In addition to working to understand our customer satisfaction score, we have also implemented a customer complaint system, outlined in

two internal documents: "China Mobile: Management of Customer Complaints" and "China Mobile Customer Service Standards – Channel and Complaint Management Handbook." We audit our operations across our company against these standards, rewarding those that perform well and penalizing those that do not.

China Mobile Total Customer Satisfaction Scores (maximum score = 100)

	2005	2006	2007
Customer Satisfaction Score	75.0	79.6	80.8

○ Building an Information Society

We are committed to creating a mobile communications platform that enriches the well being of the general public, enables everyone to reach their full potential and leads society towards sustainable development. This is a major part building an information society.

In 2007, three major types of work helped us to realize our responsibility:

- Extending a Stable Network
- Bridging the Digital Divide and Reducing Barriers to Use
- Increasing the Social Value of our Services

Extending a Stable Network

Our expansive network is essential to providing high quality service, and through continued persistent efforts, we have set up the world's largest, most stable mobile communications network. We have and will continue to build a future-facing, cleanly structured, safe, high quality network.

In the coming years we will make improvements to our network that take full advantage of the size and scope of our business, integrate new network and IP technologies and help us establish improved management structures. We seek to reduce costs, extend network coverage and improve network quality.

In Jiangsu, we invested 10 million RMB to ensure that trains traveling at speeds of up to 250km/h have access to a stable wireless network. Our coverage has reached 99%; both our voice service quality and our connection rates have reached 95% and our dropped call rate sits at 0.5%.

In addition to extending our network, we are also working continuously to improve network quality. Nokia and Ericsson conducted a quality test of our network, comparing our network quality with that of more than 100 other mobile telecommunications operators. The tests found that our GSM network has among the strongest accessibility and retention rates in Asia and globally. Our dropped call rate was the third lowest in the world and the best in Asia; our connection rates were the third strongest in the world and second strongest in Asia. The tests also found that our data services are top notch, ranking our SMS and MMS delivery-rates as the best in the world.



In Tibet our strong network coverage brings convenience to local residents



In Hebei we used long distance wave frequencies to extend coverage onto an ocean-based base station

China Mobile Network Stability and Quality Indicators (Annual averages)

	Connection Rates	Dropped Call Rates	SMS Send and Receive Rates
2005	94.45%	0.82%	98.61%
2006	95.66%	0.85%	98.79%
2007	96.48%	0.72%	99.10%

Our extensive network has enabled us provide reliable communication services for a series of major events, and at the same time it has allowed us to provide stable services in the face of crises and natural disasters. For example, in 2007 we ensured network stability during China's "two meetings" (the National People's Congress and the Chinese People's Political Consultative Conference) and the 10th Anniversary of HKSAR. Working closely with local governments, we deployed emergency response teams to ensure network stability during major natural disasters including the Liaoning Snowstorm and the Pu Er Earthquake in Yunnan. In 2007, we deployed our emergency response services 3,124 times.

China Mobile 2007 Emergency Response Statistics

Emergency Response Deployment (per instance) during:

Major political or economic events	2,242
Major natural disasters	608
Major emergency or accident situations	87
Major public health situations	85
Public safety events	102
Emergency response vehicles deployed (per instance)	3,205
Emergency response equipment deployed (per instance)	10,736
Number of people deployed (per instance)	124,792



In Liaoning our employees work diligently to ensure network stability

China Mobile Emergency Response

■ On March 4, 2007 the largest snowstorm in 56 years hit Liaoning. We immediately deployed an emergency response plan to repair damaged telecommunications equipment, particularly power generation for major network equipment. We deployed over 160 diesel-powered generators, more than 170 emergency response vehicles and deployed employees more than 1,500 times, reducing the impact of the snowstorm on our network and enabling regular service.

■ We worked with Jiangsu's Ocean and Fishing Industry Bureau to implement a VHF safety initiative covering an area 50 nautical miles away from shore. On May 4, 2007, in a major area of turbulent water, a 4,000 ton freight carrier sunk, sending 7 sailors overboard. Despite heavy fog and low night visibility, the Nantong Rescue team was able to locate the 7 sailors using a mobile phone.

■ Starting on August 19, 2007, a major rainstorm caused flooding in Hunan, affecting network stability in Chenzhou, Hengyang, Zhuzhou and Yiyang. We immediately deployed our emergency response plan: we sent out employees 2,352 times, set up 947 temporary emergency base stations, deployed emergency response power-generating vehicles 605 times, used diesel-powered generators 3,202 times, and operated emergency response vehicles for a total of 131 hours. These efforts ensured the prompt repair of damaged network equipment in affected areas.

■ In July 2007 Chongqing was hit by the largest storm in 115 years. We deployed employees 3,921 times vehicles 2,170 times, diesel-powered generators 485 times and 2 emergency response vehicles which ran for a total of 154 hours.

Using GPS Positioning Technology to Locate Lost Hikers

On December 1, 2007 Yang Zhiming, Liang Yufang and 7 other hikers climbed Wumei Mountain, the highest mountain in Jiangxi. The mountain is hard to navigate, steep and features high density forests – and the hikers became lost. The next morning at 9 am, our company's operations in Jiangxi deployed 6 network maintenance staff with an emergency response vehicle and GPS positioning equipment to find the lost hikers. That afternoon at 1pm, the team laid a 12 kilometer long optical cable, stretching from Niao Ao to Guji. Where the signal was strongest, the team set up its emergency response vehicle and expanded mobile coverage by an area of 10 kilometers in diameter. Three hours later, a command center was able to guide the team in two directions for rescue. On the morning of December 3, 2007 after a night of searches, the team was able to find and rescue 7 of the lost hikers. The other two hikers were found the next day. The rescue depended on our rapid deployment of emergency response vehicles, staff and stable network coverage.

Promoting Rural Informationalization

As of the end of 2006 there were more than 737 million people (56% of China's total population) living in rural areas. Closing the gap between urban and rural living standards is a major sustainable development priority for China.

Improving rural living standards will in large part require a transition in China's agricultural industry from a traditional agricultural model to a modern one. However, for this transition to happen, a "rural informationalization" needs to occur: information about new farming techniques, market trends and other agricultural knowledge needs to flow freely. China started its "Village Connected" project in 2004 and as of the end of 2007 national mobile and fixed line phone coverage rates reached 99.5%.

For our company, rural market development, extending our network coverage, developing new voice and data services for customers, and increasing the popularity of mobile services in rural areas are all important aspects of creating an information society in rural areas. It is also a chance to leverage the nature of our business to make a strategic, positive social impact and is an important component of our CSR strategy.



In Hunan rural users learn about new farming techniques through our Rural Information Network and increase crop yields



In a mountainous region in Zhejiang, our “Village Connected” project helps local residents connect with friends and family beyond this mountain village

“Village Connected” Project

In the past three years with guidance from China’s Ministry of Information Industry, we played an important role in the “Village Connected” project, a program which seeks to expand telecommunications networks into rural areas. Through the program, we have constructed 17,769 base stations, brought coverage to 39,784 previously disconnected villages and increased telecommunications coverage in administrative villages to 99.5%. Our work has extended coverage to nearly all of China’s administrative villages, with the exception of some in Tibet and Sichuan.

In 2007 we continued to invest in the Village Connected project, extending coverage to administrative villages as well as natural villages. At the end of December 2007, we brought coverage to 4,676 administrative villages and 5,367 natural villages.

China Mobile’s Participation in the “Village Connected” Project

	Base stations constructed	Administrative villages covered
2005	8,627	26,631
2006	5,282	8,477
2007	3,860	4,676



Facing cold winds and snow in Hebei, China Mobile employees work to construct new base stations



In Tibet we constructed a base station in Linzhi



In Sichuan, Miao minority residents celebrate the construction of a new base station

- In Sichuan we constructed 937 base stations in 2007, extending coverage to 1,061 administrative villages and 151 natural villages.
- In Qinghai we invested 100 million RMB bringing coverage to 80 remote administrative villages -- achieving 100% coverage in Qinghai’s administrative villages.
- In Tibet we invested 382.86 million RMB in extending our network coverage in rural areas, addressing the telecommunication challenges of local villages helping to make a positive impact on local economic development.



In Shanghai our rural information programs have changed traditional farming methods



Farmers in Fujian use our rural information network to access information about crop prices



In Jiangxi we developed a mobile e-market for users to buy and sell agricultural products

Application of Rural Information Services

In addition to extending access to our network, we need to make sure that our network is used to provide valuable information services to rural users. Through our network and services, rural users should be able to access knowledge and pick up skills that allow them to improve their standard of living. In rural areas, it is not only network coverage, but also the application of rural information services that will be our final measure of success.

In 2006 based on our efforts with the Village Connected project, we launched our "Rural Information Network," a nationwide platform that acts as an important exchange hub for sharing information about agriculture in rural areas.

The Rural Information Network relies heavily on rural information terminals set up in rural villages, as well as a unified set of voice, SMS (users can text 12582 to access services), website (www.12582.com), and hotline (12582) services. Voice services are available in several languages to provide

access to minority groups. The ten major categories of information provided through the network are mostly geared towards agriculture:

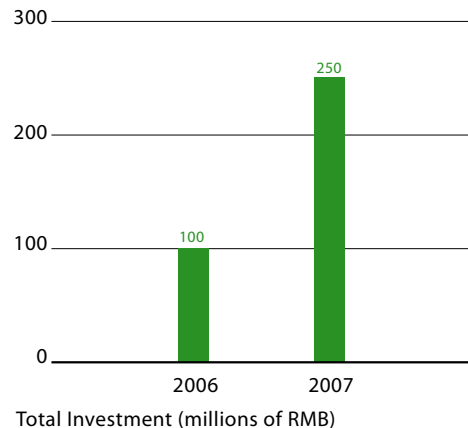
- Agricultural policies and regulations
- Agricultural news
- Agricultural technology
- Price and product information
- Pest management and prevention
- Market developments
- Agricultural weather forecasts
- Labor information
- Emergency alerts
- Lifestyle and health

Our Rural Information Network spans across provinces and provides data to rural users in way that is simple to use, convenient and does not come with high cost barriers.

2007 Efforts at a Glance: the Rural Information System

Users	■ 5.93 million total rural users
SMS Services	■ We distribute an average of 6 million SMS messages related to agriculture per day, for a total of 1.04 billion messages since the services were opened
Hotline Services	■ We receive an average of 14,000 calls to our rural information hotline per day and a total of 3.7 million since the hotline opened
Website	■ Agriculture-related content received 4.34 million clicks ■ Website users added 1.87 million new items related to agriculture to 12582 website
Recognition	■ The United Nations gave our efforts a "2007 World Summit on the Information Society Special Recognition Award" ■ At the 7th Informationalization Dialogues, we were awarded with the "2007 Rural Informationalization Application Golden Award"

Investment in our Rural Information Network





Our employees educated customers in Sichuan on how to use information services



Mobile users in Hunan communicate with customers from outside the province



In Heilong Jiang, a farmer learned new techniques for farming corn through our Rural Information Network, making significant improvements to his crop

Application of China Mobile's Rural Information Services

In order to more quickly bring the information society into China's countryside, we have implemented a "100-1,000-10,000" Program. As of the end of the July 2007, the program had provided information services to 490 leading Chinese agricultural companies; built 1,584 "Model Informationalization Villages" (villages that use a high volume of information services); and set up 13,459 "Model Informationalization Towns" (towns that use a high volume of information services). Across the country, our provincial operations signed 75 contracts with local agricultural departments which promoted local cooperation. Under the program, we also set up 11,629 information service sites which together employed 19,379 people. We have also helped to organize agricultural information provided to rural users from 701 different sources. Overall the success of the "100-1,000-10,000" has helped to bring a wide range of valuable information services to rural areas in China.

- At the end of September 2007, we had 742,000 users of rural information services in Jilin. We set up model informationalization programs in 25 towns, 190 villages and 2 leading rural enterprises. We set up a total of 25 rural information sites.
- In Zhejiang we promoted the "Zhejiang Rural Mailboxes," an information platform, mail service and website for rural users in Zhejiang. As of the end of 2007, we had 1.7 million users and the total volume of products and services purchased through the rural mailboxes totaled 1.49 billion RMB. The Rural Mailboxes have made both economic and social contributions in Zhejiang. Using the Rural Mailboxes, users sent email and SMS messages that saved them from making phone calls and incurring mailing fees -- altogether saving them more than 30 million RMB. We used the Rural Mailboxes to send alerts about upcoming typhoons and cold fronts as well as pest management methods, preventing an estimated 1.58 billion RMB in damages.

Rural Information Services: Building Sales Channels for Agricultural Products

On March 30, 2007 we set up rural information terminals in Jiuling, a village in Sichuan. With our previous rural implementation experience, these terminals were set up efficiently and provided a stable set of comprehensive information services that were widely used and welcomed by local users.

Two months after the terminals had been built, Yangping Agricultural Development Company (a local agricultural company) found that they couldn't locate buyers for a recent crop of cabbages and the crop was at risk of going bad. Hearing of this problem, the village chief who managed the rural information terminals used the terminals to list these cabbages for sale on China Mobile's Rural Information Network. On the same day, two orders came in. One buyer in Chengdu ordered 20,000 kilograms of cabbage, bringing the company 8,000 RMB in revenue; another in Pengxian purchased 25,000 kilograms of cabbage, bringing the company 7,000 RMB in profit.

"The rural information terminals are great. They've solved some major problems for us: they have taught us new agricultural techniques and they're an excellent way for our village to sell our agricultural products."

– Village Chief and Local Manager for the Rural Information Terminal

"Lack of information has really hindered our business. Without market data, we don't know what crops will bring in high prices and we don't have access to a very good sales channel. We wanted to develop our own information platform, but it cost too much money. The rural information terminal has helped us address both of these problems. I'd like to say it's been a helping hand towards prosperity!"

– Yangping Agricultural Development Company employee



We set up special retail sites for rural customers in Gansu



Our employees provided detailed advice and guidance to customers in Guizhou



Our retail sites and service centers have extended into the most remote villages in Hunan

Customer Service and Sales Channels in Rural Areas

To help rural users more easily access mobile services we have created both virtual and physical sales centers. As of the end of September 2007, we had set up 320,398 sales centers in rural areas. We have also initiated payment schemes where China Mobile representatives collect payment at a user's residence, via SMS messages or online. We're doing our best to make it easy for rural users to enjoy our services from their own homes. Together our efforts have built several "mobile villages and towns" – rural areas with very high mobile service use – throughout China.

At the same time, to encourage young people in rural areas to participate in building a "new Chinese countryside," we sent out SMS agricultural newsletters and provided 2 million agricultural information posters to youth centers in rural areas. This work was part of our efforts to support the development of rural youth centers in China.

In addition to making it easier for customers to access mobile services, we have a responsibility to make sure potential users have a basic understanding of how to use mobile services. To that end, we have hosted several educational events for potential users in rural areas.

China Mobile's Plans for Supporting Rural Youth Centers

Our plans to support rural youth centers were made in cooperation the Communist Youth League in 2006. Working with the Youth League, we plan to build 110 model rural youth centers in rural China and have invested 40 million RMB towards that goal. In addition, we will recruit 100 youth volunteers to work at the centers, donate 1,000 libraries to these youth centers and organize the showing of more than 100 different films at the youth center. We seek to recruit 1 million members at these youth centers and through our membership train 10,000 young rural leaders.

In July 2007, working with the Henan Youth League, we hosted a rural education and assistance program called, "Hello New Henan!" We recruited 500 volunteer college students to visit more than 100 remote villages to teach local children and residents some computer and mobile phone basics. We also took the opportunity to promote the 2008 Olympic Games.



Using mobile technology we developed a food safety information tracking system for meat production – here a pig farmer in Jiangsu uses a scanning device to track data

Information System to Track Meat Production

Province	Number of Scanning Devices	SIM Card Volume
Beijing	1,822	982
Liaoning	112	92
Shanghai	941	830
Shandong	317	249
Guangdong	189	45
Hainan	102	97
Chongqing	3,221	2,890
Sichuan	6,457	4,001
Yunnan	238	46

Increasing Efficiency through our Services

We seek to build an information society, and two main attributes of an information society are efficiency and convenience. The following are examples of products and services that have increased efficiency for multiple segments of society.

Machine to Machine Services

Machine to machine services (M2M) provide our corporate customers with solutions to help optimize many of their processes. M2M gives customers remote control of business processes and the ability to remotely collect and monitor data. M2M services have been used in the power, oil, transportation, air quality and water monitoring industries.

- In Shanxi, in cooperation with Jinzhong City’s Forestry Bureau, we initiated a M2M system which allows the bureau to monitor and control fire prevention efforts remotely.
 - In Gansu, in collaboration with the Environmental Protection Bureau, we set up a system to monitor air pollution and dust levels.
- At the end of 2007, we had set up 14.1 million M2M terminals.

Building an Information System to Track Meat Production and Food Safety

With China facing questions about food safety, in cooperation with the Ministry of Agriculture, we initiated a system in November 2006 which helps to trace meat products back to their source. We manage an extensive database which logs and categorizes identification codes for livestock across every phase in meat production, tracking how livestock are raised, disease prevention measures, known quarantine cases, and results from quality tests. With such a detailed set of information in hand, we can help to immediately trace any food quality issues back to the source. The system has been widely recognized and supported by national leaders and other key stakeholders in food safety. This system has been implemented across China in areas including: Beijing, Liaoning, Shanghai, Shandong, Guandong, Hainan, Chongqing, Sichuan and Yunan among others.



In Zhejiang we installed a Campus Information Service terminal to allow parents know when their children arrive and leave school



We installed mobile system safety control systems on fishing boats in Jiangsu

Campus Information Service

Using our information terminals and networks, we have created an information platform that allows educators, parents and students to easily communicate. In January 2007 we worked with the Ministry of Education to promote the system, allowing education in the classroom to be connected with education in the home and the larger society – helping to build an overall environment conducive to learning. We have implemented these services in 30 provinces and as of the end of September 2007, had enrolled 16.9 million users, distributed 1.09 million special student cards and set up 4,786 education information terminals on campuses across China.

Police Information Service

Using our information terminals and network, the Police Information Service, which can help the police remotely access their information database and their internal deployment system. This helps the police access information to manage a wide range of issues including safety, traffic, criminal and economic investigations, prison management, local residency permits, inspections, fire safety, and customs.

We have signed a cooperative agreement with the Ministry of Public Security to promote the information service across the entire public security system. As of the end of September 2007, 24 provinces representing a total of 200,000 users were linked into the system.

In addition to the Police Information Service, we have also supported some key public safety services. In Jilin for example, we invested 2 million RMB to set up an SMS 110 positioning service, which helps the police locate senders based on their SMS. (110 is the number the people in China use to

call the police). In Hangzhou, a city in Zhejiang, we set up a program which connected three emergency hotlines which were previously separate: 122 – the number for medical emergencies; 110 – the number for the police; and 119 – the number for the fire department. In Jiangsu, we set up an information system which helps law enforcement monitor and manage felons conducting required community service work.

Banking Information Service

The Banking Information System uses mobile phones, wireless points of sale and other mobile communication channels (i.e. SMS, GPRS, etc.) to meet the needs of banking customers who need instant financial information. The system has allowed bank employees to manage certain operations remotely, helping to increase industry efficiency, raise revenue and lower costs. Services have been rolled out in 31 provinces and as of the end of September 2007 around 40 million users had subscribed to mobile banking services.

City Management Information Service

Starting in April 2006, we have been helping local governments build “Digital Urban Management Systems,” mobile communication services that allow the city to store and collect local geographic and business data and citizens to look up information, ask questions and raise concerns. Currently 28 cities across 12 provinces have piloted this information system, including Beijing, Tianjin, Hebei, Shanxi, Shanghai, Jiangsu, Zhejiang, Shandong, Hubei, Guangdong, Chongqing and Sichuan. A total of 10,000 information terminals have been distributed across China, with a goal of distributing 30,000 terminals between 2007 and 2008.



In Fujian we donated mobile phones with positioning technology to elderly residents, allowing them to call for help more easily



In Xinjiang we set up a Uigur language customer service center

Attending to Groups with Special Needs

In 2007 we made great efforts to bring the convenience of modern technology to those with special needs. We pay great care to the elderly, the disabled and minority groups with specific language needs and have developed communication services and applications suitable for them so that they can enjoy the convenience brought about by mobile communications.

■ In Jiangsu on May 20th – China's National Disability Day – we worked with Yangzhou City's Disabled People Association to become China's first telecommunications company to release mobile contracts written in Braille.

■ In Fujian, working with the Public Security Bureau, we distributed mobile phones equipped with positioning technology, allowing elderly residents to call for help more easily.

■ In Xinjiang we set up a Uigur-language service center. In only 4 months, the center had received more than 1 billion inquiries, of which 15.27 million were answered by our call center representatives. On average, our call center representatives take 2.31 million inquiries per month and our automated services handle 88.8 million inquiries.



In Heilong Jiang we helped to improve education standards in Tangyuan county



In Fujian we provided free phone calls to migrant workers who were not able to go home for Chinese New Year



Employee volunteers visited with veterans during the Mid-Autumn Festival

Community Investment

We believe that besides pursuing their own development, businesses are also responsible for assisting the poor and the disadvantaged in society. We have donated funds to promote education, provided learning and development opportunities and actively developed services to enrich cultural and sporting activities.

To ensure our community investment activities are conducted in a strategic, scientific and systematic way, we moved our Philanthropy office into our Development Strategy department. We have also begun to draft a management approach and a 3 year plan for our community investment seeking to maximize our positive social impact.

We have participated in many community investment programs, building a culture of personal accountability - internally called "Starting from Us" - and have created opportunities for employee giving and volunteering. By the end of September 2007, China Mobile employee giving totaled 13.67 million RMB.

The nature of our business means we are expert at sharing information and building mobile data platforms. We have used these skills to invite our employees and the public to donate and invest in the community.

Poverty Alleviation, a Shared Responsibility

China currently has more people living in poverty than any other country in the world, with the exception of India. Over the course of the 11th Five Year Plan (2006-2010) the country aims to bring 75.87 million people out of poverty. Within this context, supporting poverty alleviation is an important activity for any responsible Chinese enterprise.

In 2007 we sought to implement innovative programs to involve the public in our poverty alleviation and philanthropy efforts. At the same time, we are constantly attuned to the concept of leveraging our core competencies as a business to help those in need.

Poverty Alleviation Efforts

In Tibet under the guidance of the Chinese government, we have supported the development of Gaize, a low-income area in Tibet. Since 2002, we seconded 4 groups of employee volunteers to the area and invested a total of 67.36 million RMB. Between 2007 and 2008 we plan to invest an additional 30 million RMB in the county to develop 7 projects focusing on issues such as infrastructure, cultural protection and public hygiene. In 2007 we invested 6.21 million RMB in a Gaize agricultural housing program and 15.4 million RMB in other Gaize programs, for a total investment of 21.61 million RMB.

to Tangyuan and Huanan – two counties in Heilong Jiang – to set up a ten year program focused on education, public health and hygiene, road infrastructure, municipal water, and mobile telecommunication network construction. Investments in these projects totaled 34.2 million RMB with 5.2 million RMB spent in 2007.

In Guangdong we set up "Communication 100," retail sites where migrant workers can make 15 minute phone calls home, free of charge. We also provided migrant workers mobile phone service packages with 15 minutes of free long distance calling. As of September 2007, this service was used 460,000 times. In addition, we set up a "Keeping Contact, Calling Home" service package for migrant workers that accumulated a total of 20 million free long distance minutes in 2007.

In Tianjin in July of 2007 we initiated another "Keeping Contact, Calling Home" program with two specific service options for migrant workers: the first program provides 10 minutes of free long distance calling every weekend from China Mobile retail sites; the second gives pre-paid phone users free long distance minutes. More than 1,000 migrant workers benefited from the first program and more than 10,000 have signed up for the second.

Since 2002 we have been seconding young leaders from our organization



In Shanghai we organized activities to help the children of migrant workers celebrate International Children's Day



We collected more than 60,000 RMB to provide clean water to Ningxia residents facing severe drought



We continued to run our "Bringing Light" program in Zhejiang in 2007, restoring vision for the elderly

Philanthropy

We engage in philanthropic activities in all provinces where we operate.

In December of 2007 China Mobile worked with the China Women's Federation to build "China 12.1," a foundation which supports children in China's orphaned by AIDS. We donated 50 million RMB to provide living stipends and educational support for about 10,000 AIDS orphans. In addition, we will develop an information management platform to manage data related to these orphans, the management of the foundation and the foundation's website. We actively encourage employees and customers to help extend the impact of the program by donating to the foundation.

In 2007 we initiated a philanthropic SMS platform for the China Health Express Foundation. Through this platform, donations can be collected to help provide free cataract surgery for patients in rural areas. This was modeled after the platform we previously initiated and continued to operate in 2007 for the China Foundation for Children and Youth.

In Guangdong, we set up a program called "Enjoying the New Mobile Life." The program had four goals: to help 10,000 rural families living in poverty set up basic housing; to help 10,000 disabled orphans with rehabilitation; to support 10,000 low-income university students with tuition; and to provide 10,000 low-income farmers with employment training. As of the end of June 2007, in cooperation with the Guangdong Foundation for Poverty Alleviation, we were able to collect more 73 million RMB in customer donations for these programs.

In Jilin and Shaanxi we developed donation hotlines and a "Care100" SMS platform, allowing customers to make donations through the hotline or via the SMS platform.

In Jiangxi, our employees and our company donated funds into the "China Mobile Jiangxi Welfare Foundation." The fund was used to support students in the province who cannot afford tuition, disadvantaged groups and China Mobile employees facing economic hardship.

In Guizhou we set up a "Mobile Security V-Web Fund," dedicated to supporting people in need working in law enforcement. Every year we contribute 300,000 RMB to the fund, which is used over time to help families of officers who have lost their lives on the job, disabled officers, officers stricken with cancer, leukemia, or those in need of organ transplants. Since inception the fund has helped 15 officers, and deployed 112,000 RMB in donations.

In Zhejiang we donated 1.5 million RMB to build a 5 year program called "Bringing Light." In 27 poverty stricken areas, the program allowed us to perform cataract surgery for 1,725 senior citizens without charge, fully restoring their vision.

In Shandong we invested 320,000 RMB and successfully performed cataract surgery on 125 senior citizens living in poor areas.



In Guizhou, in providing disaster relief, we provided free calling services for coal miners to call home

Disaster Relief and Reconstruction

Part of our commitment and responsibility to the community is to help those stricken by disaster. In addition to our own philanthropic efforts, we seek to use our business competencies to provide support, using our mobile network to:

- Alert the public of upcoming disasters
- Provide instruction on preparing for natural disasters
- Support post-disaster reconstruction
- Create SMS and other platforms to collect donations from employees and the public for disaster relief efforts

In Guangdong, working closely with the meteorological department, we have sent more than 16.8 million public notice SMS and multi-media messages alerting users of inclement weather, covering all customers within range of events such as upcoming typhoons. This effort helped the government and local residents with disaster relief and prevention efforts. We also cooperated with Guangdong's Poverty Alleviation Foundation, donating 5.9 million RMB for disaster relief as of June 2007.

In Shanghai we worked closely with the local weather bureau on a "Weather Information Alert" pilot project. The project used our rural information terminals to warn island residents of major upcoming storms.

During the 2007 flood season in Henan - with the support of the Red Cross - we donated 600,000 RMB for victims of natural disasters living in Xinyang and Zhumadian. Working with the local flood prevention department, we donated 100 information terminals valued at 80,000 RMB.

In Chongqing, we donated 1.03 million RMB for disaster recovery. On July 19, 2007 we worked with the city's philanthropy association, Xinhua's (a media agency) website and the *Chongqing Commercial Times* to put together a program called "Working Together to Rebuild our Community." We set up an SMS donation platform collecting 4,622 RMB on the first day, representing 2,331 SMS messages.



In Hubei, the "China Mobile Library Project" brought new ideas to local children



Our "Training for Headmasters" program in Qinghai provided training to rural educators



College interns in Gansu showed customers how to use self-service terminals

Supporting Education, Building our Tomorrow

Education is a primary focus area of our community investment program. This year we have continued to make great efforts to improve the education environment and provide financial support for those who cannot afford education. We have also tapped into our technical abilities and network resources – alongside our value chain partners – to enlist public support of education.

Company Efforts to Support Education

■ Supporting Education in Central and Western China

In cooperation with the Ministry of Education, we have invested 30 million RMB to launch a donation program for rural primary and middle school education in the poverty-stricken areas in Central and Western China, aiming to supplement educational resources and improve the qualifications of local teachers. We set up two sub-programs: "The China Mobile Library Project," which built 700 rural libraries in 2006 and 2007 and "Trainings for Headmasters in Central and Western China," which during the same time period provided advanced training to 2,400 educators.

■ Providing Opportunities for Low Income Students

Our company provides many opportunities for college students to work part time, giving them a chance to earn money for tuition while gaining practical work experience. At the same time, we set up programs that encourage these students to donate part of their earnings to support low

income primary school students, which we hope instills in them a sense of responsibility towards the community.

In 2007 in Zhejiang we provided 1,000 college students – 200 of which were low income students – with part time work opportunities. Low income students were given a preferential opportunity to obtain summer internships at our 10086 customer service centers, our retail sites, or at M-Zone brand stores. Summer interns also had an opportunity to participate in several company programs, including the "Green Boxes Environmental Protection Campaign" -- a mobile phone recycling program, and the "Orange Heart Philanthropy Plan." These students could also volunteer to donate a portion of their earnings to support low income primary school education.

In Hubei we initiated a "Caring for Hubei" program which provided 5,000 part time work opportunities for low income college students. We also encouraged students to donate a portion of their earnings to charity.

In Guangdong, in cooperation with the local education department, we invested 50 million RMB to provide 10,000 part time job opportunities for college students; these students volunteered to donate part of their earnings to support education in 100,000 low-income primary schools.



In Anhui we provided college tuition support for low-income students



In Henan, we introduced children of migrant workers to the newest mobile technology



In Guizhou volunteers offered support to primary school children in Changshun county

Enlisting Public Support for Education

■ Charity SMS Message Competition

Between December 2006 and March 2007, China Mobile hosted a Charity SMS Message Competition. During the competition period, users were first invited to write and send in inspirational text messages; of the 1.38 million messages received, we selected 270 messages to be downloaded and forwarded on by other users; these messages were downloaded 4.2 million times and were forwarded 36 million times. Altogether 4.75 million RMB in donations were collected through this program. Through the China Mobile Foundation for the Support of Education, the donations provided educational assistance to low-income families in 10 provinces in Central and Western China.

We run similar programs to support education in provinces where we have operations.

In June 2007, working with the provincial philanthropy association, we set up a new program "Thank You New Henan," donating 800,000 RMB to support 800 children of migrant workers, 100 new college students and 100 leading educators in poorer areas.

In 2007 we set up a program for our GoTone customers in Hainan - "Responsible Hainan, Supporting Hainan Education" - which invited customers to donate points from their mobile subscription services that were converted into funding to support Hainan education. The funds were used to buy supplies for rural schools, send volunteer college students majoring in education to teach at rural schools and improve the quality of training for rural educators. More than 6,000 customers have participated in the program generating nearly 200,000 RMB in donations.

In Yunnan we invested 20 million to set up a new system, "Mobile Network Rural Education Training." Using terminals and networks set up via our "Village Connected" project, we conducted educational training for primary schools in low income areas, minority groups, and border regions.

At the end of March 2007, we rolled out a local version of "Care 100" in Shaanxi to help 500 college students with tuition. Our company donated 800,000 RMB to the program, and by building an SMS donation platform, employees and the public donated more than 1.4 million RMB.

Promoting Culture and Athletics, Supporting the 2008 Olympic Games

China has committed to building a high quality, unique Olympic experience for the world. As an official partner of the 2008 Olympic Games, we are committed to helping Beijing build a "Green Olympics," a "People's Olympics" and a "High Technology Olympics." We are working hard to provide the 2008 Olympic Games with the most cutting edge technology, the highest quality services and the most complete customer service.

In 2007 we completed most of the construction needed to provide GSM and EGPRS network coverage at the 2008 Olympic Games. In cities selected as Olympic sites, we have also committed to greatly expand the TD-SCDMA test network, a volume of construction equivalent to the amount undertaken on our Beijing 2G network in the last 10 years. To help broadcast the passing of Olympic torch on Mount Everest, we constructed a base station 6,500 meters above sea level.

For the 2008 Games we have developed 29 new products and services geared towards 3 different audiences. Ten of these services will be "Olympic firsts" for mobile phone technology. These "firsts" include: the ability to simultaneously take and upload photos, live mobile video streaming of ocean-based sporting events, enabling mobile phones for push to talk service and an official mobile phone website for the 2008 Olympic Games.

At the September 2007 one-year countdown to the Paralympics, we sent 3.65 million SMS messages to promote the Paralympics. We also sent SMS messages describing the passing of the Paralympics Torch to 1 million users.

In August 2007, China Mobile in Beijing became a corporate-level volunteer for the 2008 Olympic Games. We will recruit 2,000 local volunteers for the 2008 Olympic Games and the Paralympics, using our volunteers to staff at least 500 City Service Stations that will be set up for the 2008 Olympic Games.

In Shanghai, we spent 36.18 million RMB and deployed our employees more than 6,000 times to ensure the Special Olympics ran smoothly. Around 500 of our employees worked to ensure network stability and we conducted 1,200 network quality tests in 30 competition sites and at 96 hotels where athletes were staying. To service international guests in Shanghai for the Special Olympics, we completed quality testing to ensure that 323 different mobile service providers representing 161 countries were compatible with our system.



Our employee volunteers in Shanghai provided assistance to athletes attending the 2007 Special Olympics

Setting up the World's Highest Base Station on Mount Everest

In order to ensure network coverage during the passing of the Olympic Torch through Mount Everest, and to ensure long term mobile phone coverage in the area, we began efforts to extend our network coverage on Mount Everest in June 2007.

Facing extreme weather conditions, high altitude, temperatures that drop to -20 degrees Celsius, and oxygen levels 38% below normal, planning and constructing a base station on Mount Everest was a formidable challenge. However, through the diligent effort of our staff, we were able to construct a base station on Mount Everest – at 6,500 meters above sea level – according to schedule. This project was not only an important milestone in our network construction; it was also a major breakthrough for the global mobile telecommunications industry.



On November 13, 2007 at 1pm we started service on the world's highest base station on Mount Everest -- 6,500 meters above sea level

○ Building a Motivated Workforce

We seek to grow in harmony with our employees by developing together and sharing our successes. Accordingly, "Investing in Employee Excellence" is a vital part of our core business strategy. Our approach to employee relationships is based upon:

- Respecting equal opportunities
- High standards of health and safety
- Investing in employee development
- Putting our people first, caring for employee welfare

Respecting Equal Opportunities

Our human resources policies strictly adhere to the Chinese Labor Law. We are fully committed to the principles of gender equality, equal pay for equal work and the development of female employees.

As we expand overseas – such as our recent acquisition in Pakistan – we will be paying attention to opportunities for our non-Chinese employees to develop careers in China Mobile. In Pakistan we respect local hiring, with 97% of staff hired locally.

Employee Health and Safety

We are placing a growing emphasis on increasing employee awareness of workplace health and safety. Our policies and programs – especially for network maintenance employees – play a role in creating a safe working environment. For example, precautionary tools and equipment have been provided to outdoor construction workers working at height, at power supply facilities, under inclement weather conditions and in dangerous terrain. Across the entire company we purchase occupational injury insurance for all employees, ensuring that should any worker be hurt on the job, they can access immediate care and economic protection – ultimately reducing risk for employees.

For the first time this year we are disclosing the health and safety performance information in the chart on the right. In future years we will establish goals for health and safety performance improvement

China Mobile Gender Distribution (All employees)



Female employees: 40.63%
Male employees: 59.37%

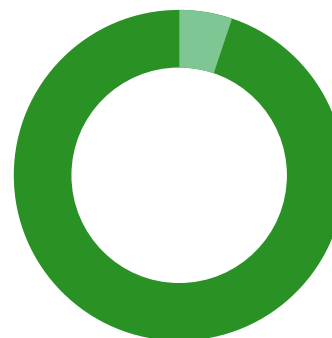
China Mobile Gender Distribution (Management)



Female employees: 15.86%
Male employees: 84.14%

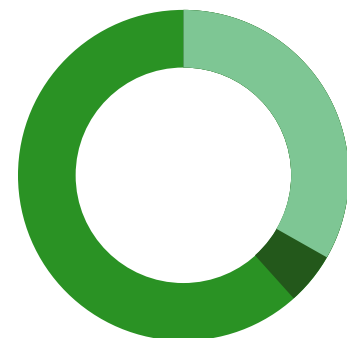
Note: Management refers to all staff at Vice President level and above at provincial operations and all staff at General Manager level and above at headquarters

Minorities at China Mobile



Ethnic Minorities, 4.55%
Non-minorities, 95.45%

China Mobile Age Distribution



Employees under the age of 30, 33.22%
Employees between ages of 30-50, 62.22%
Employees over the age of 50, 4.56%

China Mobile Work-Related Employee Injuries and Fatalities

	2007
Work-Related Fatalities	0
Work Related Injuries	59

In Hunan we have undertaken several measures to protect the safety of outdoor workers:

- Safe work procedures with direct accountability links to company officials
- A "Safe Policies and Safety Awareness Handbook" is given to all employees
- Regular safety training
- Regular "Safe Work" inspections
- Implementation of safe work systems
- Accident prevention measures

Investing in Employee Development

We are committed to building a learning organization. To meet our goals we have provided extensive training to our employees and have established clear procedures to ensure they are constantly learning. These policies include:

- China Mobile Methods for Employee Training
- China Mobile Online Training Methods
- China Mobile Employee Training Management Methods and Detailed Implementation Guidance

These policies require that mid- and senior-level managers receive at least 80 hours of training a year and all other employees receive at least 56.

We have created separate employee training systems at headquarters and in provinces where we operate; these trainings are managed by local human resources departments. The types of training we offer include lectures, classroom training, forums to discuss services, site visits, job rotation programs and on-site coaching. In 2007 we established a distance-learning program to encourage employee learning, helping to create a learning-focused organization.

China Mobile Training Characteristics:

- Varied Formats. Our employee development focuses on on the job training, supplemented by both large and small format trainings.
- Uncovering Employee Potential. Training is held for all employees, but special attention is given to developing the potential of our high-performing employees through training.
- Continuous Improvement. We are continuously seeking to improve our training. We closely monitor training results and consistently collect employee feedback on training quality.
- Innovation. We strive to use innovative training methods that can help equip our company for continued growth and support the development of a dynamic training system.
- Partnerships. We proactively seek collaboration with domestic and global training service providers, making our employees more globally-oriented.



We conducted training for the CMPAK management team

2007 China Mobile Employee Training Data

Number of employees trained (tens of thousands of instances)	71.2
Training for senior executives (per instance)	141
Training for mid-level executives (per instance)	5,509
Other employee training (tens of thousands of instances)	70.6
Percentage of employees pursuing higher degrees	4.76%
Training investment per employee (RMB)	2,289
Average training time per employee per year (hours)	45

Putting People First, Caring for Employee Welfare

The well being of our employees is very important to us and we show our concern for employees in many ways.

In accordance with legal requirements, we have ensured that our employees are fully covered by all relevant social insurance and benefit schemes. These include, but are not limited to: national retirement insurance, medical insurance, unemployment insurance and work injury insurance.

We also ensure that employees are fully equipped with proper protective equipment and are allocated rest days and vacation in direct accordance to the law.

We closely manage our human resources system to ensure compliance with employee rights. When possible noncompliance is reported, we

investigate and assess the issues against our existing systems and rules, which provide clear, transparent and fair processes to guide our work.

We also have an internal web-based platform that allows employees to post their hopes and complaints. We are committed to promptly responding to employee submissions.

Programs are in place to support employees with severe financial hardships and to provide psychological services to help employees deal with work or life related stress. Across a number of our provincial operations we have established Employee Assistance Programs (EAP) to provide advice to employees on how to deal with stress and to promote good mental health.

Province	Description of EAP Programs
Beijing	Beijing instituted an EAP program in March of 2007. The program covers topics such as: improving mental health; healthy work attitudes; working through tough issues; relieving work-related stress; and working through anxiety.
Hebei	Between August and October of 2007, 700 employees participated in programs focused on improving mental health. The programs were run by experts and included training sessions, discussion seminars and employee hotlines – all focused on reducing employee stress levels.
Jiangsu	As of September 26 2007, Jiangsu's employee assistance help line had been open 223 hours. During this time, 48 hours of employee counseling was offered to 837 of the company's employees.
Fujian	In September 2007, Fujian developed an EAP program to support the mental health of its employees through the support of an external expert consultancy.
Guangdong	Guangdong was the first in the nation's telecommunications industry to implement EAP programming. Through its EAP program, employees can benefit from assessments, training and counseling to help them deal with work related stress.
Hainan	In addition to setting up physical spaces for workers to relax, Hainan has provided EAP services for its employees using external experts. The company has also developed an online "12315" discussion forum for employees to share work related stress issues.
Shaanxi	Shaanxi's EAP includes five key components: surveys, awareness raising, training, counseling and impact assessments.
Xinjiang	In September 2007 Xinjiang initiated a 100-day pilot EAP program whereby 1,000 employees benefited from mental health assessments, training programs, and counseling services.

Labor Conditions at our Supplier Facilities

Ensuring good labor standards at our supplier facilities is an important component of our social responsibility. Our "Comprehensive Supplier Skills Assessment Form for Centralized Purchasing," used for our equipment suppliers, includes several requirements regarding labor conditions. The results of the assessment are integrated into purchasing decisions. The specific labor requirements include:

- **Human Resources Management.** Human Resources systems at our suppliers' facilities need to include clear attendance records, evaluation schemes and incentive systems that all comply with labor laws and regulations.
- **Employee Awareness.** Staff at supplier facilities should have a good understanding of overall company targets and know of specific company targets. We conduct interviews with various departments to assess this.
- **Line Staff Stability and Employee Retention.** Suppliers should have a stable workforce and low turn over compared to other companies in their area – we audit supplier turnover and personnel statistics. (We seek suppliers that achieve 60-70% retention rates).
- **Senior Management Stability.** Senior staff retention should be between 80%-90%. We also ask to know the name of the business partner's responsible officer in the last 2 years.
- **Employee Grievance Systems:** the supplier should have a good system by which employees can file grievances and provide feedback to management. We check records of employee suggestion boxes and see if management has followed up on the requests of their employees.
- **Employee Training.** Suppliers should have policies in place to stimulate employee learning. In addition, suppliers should implement on the job training. We review employee training records.
- **Industrial Health and Hygiene.** We do an assessment of high risk work stations and ensure that there are necessary protections and procedures

in place for the benefit of employee safety. We also review the suppliers' documentation to ensure procedures are being met.

- **Labor Contracts.** All employees must have signed labor contracts and such contracts need to be fair. As a test, we randomly select 4 employees and review their labor contracts.
- **Employee Incentives and Nondiscrimination.** Suppliers should provide opportunities for employee development, vocational training, education and growth. We also need to ensure that no discriminatory practices are taking place. We review and assess documentation regarding these issues.
- **Worker Insurance.** The rights of the employees of our suppliers need to be respected; suppliers should have systems, procedures and records in place to ensure this. We review relevant employee insurance documentation, such as occupational accident insurance and social insurance.
- **Minimum Wage.** Suppliers' employees must be paid no less than the minimum level required by the government and there must be no instances of overdue wages.
- **Overtime.** Suppliers must adhere to laws regarding employee overtime. We meet with the production department and discuss overtime issues and how the company is handling them; we also meet with other departments to get a more holistic view on the issues.



Growing Harmoniously with the Environment

Environmental sustainability is a key issue facing China. In 2006 China invested RMB 255.6 billion on environmental projects, representing 1.22% of GDP. High polluting and energy intensive industries – although beneficial to our economy in the short term – now threaten China's long term economic sustainability. The Chinese Government has set a clear goal for environmental improvement: by 2010, China seeks to reduce energy use by 20% per unit of GDP compared to 2005 levels. These environmental challenges and targets point to a new development direction for China's economy, society and businesses.

In 2007 we continued to implement our vision for environmental responsibility, with a particular focus on energy conservation, reducing emissions and minimizing waste.

We are the first domestic mobile telecommunications company to establish a "Green Action Plan," which encourages system-wide efforts for energy conserving, the use of renewable energy, increasing resource efficiency, improving waste management and encouraging waste recycling.

We are beginning to collect key performance data to monitor our environmental impact and are building the foundation for an organization-wide environmental management system. At the same time, we continue to strictly manage EMF radiation and work to engage the public in a wide range of environmental protection activities. Our innovative products and services can also enable energy conservation.

As we develop our management approach, we will be in a position to reduce our own environmental footprint, help China meet its environmental targets and play an active role in tackling global environmental issues such as climate change.

Ultimately we seek to create a way for business and the natural environment to grow together harmoniously.

Our "Green Action Plan," Building an Environmental Management System

Compared to traditional manufacturing industries, our operations have a much lower and very different type of environmental impact. We are building an environmental management system that is tailored to our business and industry.

Our Green Action Plan

According to the unique characteristics of our business, we have created a three year "Green Action Plan" focusing on energy conservation and reducing emissions across our business. The program will also help us reduce cost and - by using mobile technology - to reduce customer energy use. Internally we will involve employees across the company to improve energy conservation and reduce emissions at every phase of our operations and production. Externally we will work proactively with key stakeholders to create a healthy operating environment that promotes energy conservation in our equipment, reduces costs and creates a situation where we can grow together with our industry and promote energy conservation.

We will set up overall work targets with specific objectives and plans broken down by year. Through practical efforts and diligence, we will strive to become a leader in conserving energy and managing waste, influencing the practices of our entire industry.

Our Overall Goals for the Green Action Plan

On the basis of China's goal for energy reduction of decreasing energy use per unit of GDP compared to 2005 levels by 20%, the overall goal of our "Green Action Plan" is, by 2010, to increase our energy efficiency (per unit of telecommunications traffic) by 40% compared to 2005 levels and prevent the use of 8.0 billion kWh of electricity. This will prevent the emission of over 6.8 million tonnes of carbon dioxide, equivalent to around 2.7 million tonnes of standard coal energy or taking over 1.7 million vehicles off the road for a year.

There are 7 major program components in our Green Action Plan:

- **Standardization:** We will proactively encourage standardization in our buildings, our equipment and our design -- as well as during every phase of network construction, allowing for land-savings, material savings and energy savings.
- **Using Internet Protocol and 3G Technology in 2G Systems:** We will promote the use of IP as well as the use of 3G technologies in 2G systems to increase network capacity and protect business investments.
- **Green Packaging and Transportation Standards:** We will establish a set of standards for packaging and transport to promote the use of alternative packaging and new reusable materials. We will reduce both excessive packaging and the use of wood-based packaging products.
- **Energy conservation for major equipment:** We will proactively promote

energy conservation with major equipment manufacturers and create an analytical platform to assess energy savings.

- **Energy conservation for auxiliary equipment:** Collecting key learning from provinces that have implemented energy conservation practices with auxiliary equipment, we will actively promote the uptake of new technologies and products that reduce energy consumption and optimize land use.
- **Informationalization:** We will encourage suppliers to use B2B services and promote the use of information services to increase efficiency and reduce energy consumption.
- **Environmental Protection:** We will reduce emissions, increase waste recycling, actively use renewable energy and promote public awareness of environmental issues.

Initiating a Management System for Energy Conservation and Reducing Emissions

In 2007 we began to systematically collect CSR performance metrics - which included environmental performance metrics - across our entire organization. This was a new endeavor for our company; in the future this data will allow us to target our efforts at monitoring and improving our performance.

Here we present the initial results from our data collection exercise.

China Mobile Energy Consumption	2006	2007
Total Electricity (GWh)	6,820	7,890
Total electricity use, buildings (GWh)	1,680	1,980
Transmission and Base Station Electricity Use (GWh)	5,140	5,910
Gasoline Use for Company Vehicles (Gasoline, non-diesel, millions of liters)	91	112
Gasoline Use for Company Vehicles (Gasoline, diesel, millions of liters)	12	7
Diesel Fuel Used to Power Base Station Generators (millions of liters)	15	18
Natural Gas (millions of cubic meters)	2.1	2.5
LPG (thousands of tonnes)	89	94
Total carbon dioxide emissions (million tonnes)	6	7

China Mobile Materials Use and Waste Recycling	2006	2007 (1-9)
Toner cartridges (1,000 units)	81	98
Office paper (1,000 tonnes)	3.6	4.7
Batteries recycled, office use (1,000 tonnes)	105	117
Number of Uninterrupted Power Supplies made obsolete (from base stations) (1,000 tonnes)	50	41
Scrap Metals (1,000 tonnes)	2.3	2.6
Waste Cables (1,000 tonnes)	96	112
Total Water Use (millions of cubic meters)	59	71

Note: This was our first time reporting environmental performance metrics, we will improve upon any possible errors in future reports.

We will continue to improve our data management system to chart our overall progress towards energy conservation and reducing emissions. We will focus on critical parts of our business and will have clear goals, responsibilities, implementation, and incentive structures to ensure that our Green Action Plan is successfully implemented across the company.



China Mobile Vice President Li Yue (fourth from the right) attended a signing ceremony that kicked off our environmental cooperation with our suppliers

Improving Cooperation with Suppliers

In 2007 we worked with 4 major equipment suppliers and 11 suppliers of auxiliary components to sign a strategic memorandum for our Green Action Plan. During a second round of supplier engagement, we brought 20 additional major suppliers into our Green Action Plan; these suppliers provide major telecommunications equipment, IT equipment, server equipment, web improvement equipment, antennas, power generation equipment and ventilation systems among other components. Our goal is to collaborate with our suppliers to conserve energy, reduce emissions, manage waste and create a "green network" in the telecommunications value chain. The content of the memo included:

- Establishing a working group that allows us to have long term dialogue with suppliers to create an environment where we are conserving energy and reducing emissions
- Promoting the use of IP technology to increase the capacity of our network and reduce our energy use
- Reducing network energy use by employing new technology that decreases material use, lowers the weight of equipment and improves technical integration
- Working on product design, manufacturing methods, component selection, and raw materials selection to reduce energy use, reduce emissions, minimize waste and build a comprehensive green cooperation
- Using B2B methods to encourage the use of electronic channels throughout the production process, including the selection of materials and equipment, production, payment and record keeping
- Gradually setting up a system to assess energy use in network equipment and using these assessments to improve our data management system for energy conservation and emissions reductions

In 2008 we will build a comprehensive environmental management system, improve the ways that we monitor and control environmental metrics, set up clear internal goals for environmental performance, and promote key programs that will help us improve our environmental performance. We will undertake the following:

- Build widespread internal support and participation in the implementation of our program
- Create a sensible way to categorize and analyze resource consumption data across our company
- Work closely with our suppliers to promote environmentally-friendly design and environmental improvements to major and auxiliary network equipment, ensuring that these improvements reflect modern technical innovations with a focus on energy use in our network and IT equipment.
- In addition, we will work with suppliers to create standards for green packaging and transport
- Devise a practical data management approach based on detailed KPIs that allows us to effectively and comprehensively evaluate the success of our Green Action Plan
- Engage with industry and other key stakeholders to ensure continuous learning and improvement

○ Reducing Energy Use

Reducing energy use is a way for us to reduce costs and increase network efficiency -- it is also a way for us to help meet China's goals for reducing carbon emissions. We have used management methods and technical improvements to increase energy efficiency, and through innovative information services, we have not only reduced our own energy consumption, we have also provided ways for our customers to reduce energy use.

Reducing Energy Use in our Network Equipment

Network equipment is the most energy intensive component of our business and our largest source of carbon emissions. Our base stations account for more than 70% of our total energy use -- of which about 35% is used by network equipment and 25% is used by air conditioning and heating. We work continuously to increase network efficiency, which is also a key way in which we can reduce our climate impact.

Standardization and Energy Reduction

We have standardized our approach to network equipment and network planning. For our network equipment, we have standardized our requirements for auxiliary parts and for the structures within the base stations. We are encouraging our suppliers to reduce the amount of energy used for each carrier frequency by designing products that reduce materials use, require less energy and can be manufactured more simply.

Technical Innovations and Energy Reduction

We have implemented technical innovations in our network equipment to reduce energy use. For our wireless equipment, switches, transmitters and small-scale servers we have conducted environmental and energy assessments and categorized equipment according to how much energy they use.

At the same time, for auxiliary components, we have implemented integrated systems management for our equipment rooms, power system improvements that shut off power automatically when not in use, lighting system improvements, energy saving improvements to air conditioning and other energy saving methods.

In 2007 we focused our efforts on our most energy-intensive base stations. We developed, patented and implemented cutting-edge energy saving technology and created a new standard policy "China Mobile Base Station Energy Conservation Technical Protocols," which has been integrated into our centralized purchasing and bidding system. In addition, we are currently using 1,109 sets of "Intelligent Base Station Heat Exchange Systems" and have implemented 2,523 "Intelligent Ventilation Energy Saving Systems." Based on initial calculations, these systems have helped us reduce energy by 7 million kWh.

In addition, we have reduced energy use by using IP technologies, reducing the materials used in network equipment and reducing the weight of network equipment.

Renewable Energy

The use of renewable energy, such as wind and solar energy, has helped us not only improve energy and network stability, it has also mitigated our environmental impact.

- In Inner Mongolia, we used a combination of wind and solar power systems to provide base stations in remote areas with highly reliable, low cost access to energy. Currently 202 base stations in the region are powered using these systems.
- In Henan, by using solar energy stations, we have provided reliable energy sources for 7 stations along highways and roads in remote mountain areas. This has helped us meet desired goals of reducing energy use and create clean green operations.
- We are using high capacity solar energy systems in base stations located in Hainan's Sanya's Yuzhi Zhou Island and the town of Cangjiang Wangxia. We are working to scale up this activity.
- In Tibet, Qinghai and other remote areas, the extensive use of solar energy for base stations and repeaters has provided a reliable energy source.

Promoting Green Construction

We are designing base stations, data centers and offices with energy conservation in mind. We have optimized the layout of new data centers and used standard structures designed to reduce energy consumption, such as wall and ventilation units created to improve cooling. We have implemented these design principles several times in Jiangsu and Hainan. In Guangdong, we have released two documents that cover green construction, energy conservation and reducing water use. We also handed out awards for "Innovations in Building Green Infrastructure" to promote green construction principles across our Guangdong operations.

Using Information Services to Conserve Energy and Reduce Emissions

Informationalization and Internal Management

We put great importance on using information services to reduce energy use and strongly recommend using electronic services internally. For example, we have set up an intranet platform whereby all employees can access multiple Internet and mobile services, allowing employees to work remotely.

Between January and September 2007, our employees have received and sent more than 600 million email messages and have used our Office Automation (OA) system more than 60 million times. Through this we have increased work efficiency and reduced costs.

We have established a B2B system to work with all types of suppliers

allowing our systems to link up directly to our suppliers' systems. We have also enabled electronic channels to access information regarding product catalogues, manufacturing, needs assessments, equipment purchasing, payment and accounting. This has increased work efficiency, reduced energy use and lowered costs.

Electronic channels have also improved environmental management. We are able to use electronic means to control and monitor power use in our equipment rooms. Controlling and gathering data through electronic means improves the accuracy and timeliness of our data collection, ultimately helping to improve performance.

We regularly conduct network quality tests using "road tests," whereby monitors are placed in China Mobile vehicles and then driven around to test our network quality across our coverage areas. In Beijing we have placed these monitors in local taxis, eliminating the need to send China Mobile vehicles out to conduct such testing. This reduces our use of oil by 4,320-7,200 liters per month, and has at the same time extended the scope, effectiveness and quality of our testing process.

Promoting the Use of Electronic Sales Channels

Electronic sales channels are more environmentally-friendly than traditional retail points of sale. Using electronic sales channels to purchase mobile services reduces the need to print documents and the distribution of pre-paid cards made of PVC and paper.

We have worked to make the web, SMS messages, WAP services, call centers and other electronic means the main channel through which our users access our services. By 2008 we seek to conduct 40% of all services through electronic channels.

In Beijing, between January and September 2007, we used electronic sales channels to process 30 million sales, representing more than 66% of business conducted. For example, in 2007 we launched an online payment platform for our GoTone customers and in its first 5 months of operations the online platform had processed 16,631 transactions, equivalent to 2.76 million RMB.

New Services that Promote Energy Efficiency

In common with many other telecommunications companies, we believe that mobile communications technology can be used to reduce the energy consumption of our customers. For example, using mobile mailboxes and programs that facilitate remote work, our technology can be used to enable more flexible approaches to travel. Our GPRS technology can also

be used to improve the efficiency of transport and energy networks.

In 2008 we plan to develop new information services to help the power industry, oil industry, municipalities and environmental protection agencies increase their efficiency.

- In Tianjin we worked with Tianjin's Municipal Cleaning Company to build "Vehicle Workflow Control Methods," a new management system which allows the company to closely monitor the position and workflow of its fleet. Currently the program has been installed in 79 of its cleaning trucks and increased work efficiency by 10%. In the first half of 2007, compared to 2006, the company has effectively reduced petroleum consumption by 20,000 liters.
- In Fujian we developed a management system using GPRS technology enabled monitors that let local municipalities more effectively control public lighting. In January 2007, the city of Zhangzhou had installed 200 monitors and a control center. Using the system, the accuracy of street lighting has increased to more than 98%, reducing maintenance costs by 100,000 RMB.

○ Waste Management and Reuse

We have nearly 350 million users and this number is growing rapidly – by more than 20% in each of the last three years. This growth is leading to an accumulation of the number of mobile phones and amount of network equipment in China as well as an increase in electronic waste in the form of old network equipment, mobile phones and handsets.

As China’s largest mobile communications provider, we are concerned about electronic waste. Creating a scientific, reasonable, environmentally-friendly method of managing e-waste has become an important component of our environmental management. In 2007 we have improved how we manage waste and have seen results around the disposal and reuse of e-waste.

Improving Battery Recycling and Reuse

Currently, China goes through 50 to 60 million lead-acid batteries a year, equivalent to roughly 350,000-400,000 tonnes. If not properly disposed of, these batteries have a potentially dangerous impact to human health (risks include poisoning, land quality pollution, water source contamination, and other high levels of environmental pollution). Reusing these batteries has a major impact on conserving resources, improving environmental protection and achieving sustainable development.

In 2007 we required that suppliers submit detailed plans on how they will

recycle 2V batteries in our bidding processes. In addition, we conducted studies on methods for battery reuse in China.

In 2008 we will evaluate and certify how our suppliers manage the reuse, recycling and disposal of batteries – seeking to ultimately stabilize the channels through which batteries can be recycled in China. We also seek to create a standardized internal process for the purchase, use, recycling and disposal of batteries, paying close attention to methods of battery reuse that help extend battery life.



We encouraged the public to participate in our "Green Boxes Environmental Protection Campaign"

Expanding our "Green Boxes Environmental Protection Campaign"

According to estimates from the State Environmental Protection Bureau, China disposes of more than 30 million mobile phones every year. As mobile phone usage becomes more common - and as users upgrade their mobile phones with higher frequency - this number will inevitably increase. And because there is not yet a system for the recycling and proper disposal of electronic waste in China, there will be an increasing risk associated with the disposal of mobile phones and handsets.

In December 2005 we worked with the industry to initiate our "Green Boxes Environmental Protection Campaign," which seeks to create a system for recycling mobile phones and accessories using green recycling boxes placed in retail sites across China. Mobile phones and accessories collected through the Green Boxes Environmental Protection Campaign are sorted and managed by professional waste management companies. In 2007, we had Green Boxes in 60% of retail sites operated by China Mobile and we have placed boxes in local communities and malls. At the end of 2007, we had recycled 2.6 million used mobile phones and accessories - all of which were sent to professional waste disposal sites.

Through our program, we have created:

- A platform for recycling unwanted mobile phones and accessories in China
- A process that allows our value chain partners to participate in environmental protection
- A system and value chain for recycling electronic waste

We were recognized for our efforts, receiving China's highest award for environmental protection -- "The Fourth Chinese Environmental Excellent Award" (Corporate Contribution to Environmental Protection).

We are seeking to expand the scope of this program. In 2008 we plan to put Green Boxes into 80% of all retail sites and in 2009 ensure that all retail sites have Green Boxes for our customers. By making it easier for customers to participate, we hope to increase program impact and recycling volume. Starting in 2008 we seek to increase recycling volume to at least one one-thousandth of our total customer volume.

Exploring New Ways to Improve Resource Efficiency

We are continually exploring current business models to find new ways to promote resource efficiency. For example, through the standardization of equipment rooms and metal tower construction, we have optimized efficiency in our equipment rooms, reduced land use and the use of metal materials. At the same time, we have worked with our suppliers to conduct research on how to deal with equipment that has been retired from the network.

One focus area of our future research is around the recycling and reuse of SIM cards and green packaging. We are researching the current state of SIM card use and analyzing methods for reuse.

We will work with our suppliers to develop ways to create standard, reusable products for packing and shipping. By creating consistent, resource-efficient packaging and shipping methods we can reduce our use of wood products, lower our emissions and meet environmental targets. Based on our estimates, if we fully implemented these measures we could save 57,000 cubic meters of wood a year, equivalent to 670 hectares of forest; if all global mobile telecommunications companies used these methods, we would collectively conserve 640,000 cubic meters of wood a year, equivalent to 7,500 hectares of forest.

○ EMF Management

The World Health Organization has concluded that “there is no convincing scientific evidence that weak RF signals from base stations and wireless networks cause adverse health effects.” Nevertheless, we see EMF management and its environmental impacts as a high priority issue. Our efforts around it include:

Strict EMF Standards for Network Equipment

Working to address EMF issues at their root, we have integrated strict EMF testing and requirements into our bidding and procurement processes. Suppliers must meet all relevant legal guidelines, including those set by State Environmental Protection Agency (SEPA) and the Ministry of Health, “EMF Prevention Guidelines” (GB8702-88) and “EMF Environmental Health Standards” (GB9175-88).

Optimizing Network Deployment

The better a base station is built, the better the network coverage, and the less a mobile phone will emit EMF. According to the unique characteristics of our customers, we have built our network using micro-cellular technologies, repeaters and internal distribution system technologies, creating a highly concentrated network deployment. Through dynamic power controls, voice activation and other methods, we have built an environmentally compliant mobile network. This is a basic foundation for building our Green Network.

Engaging the Community, Improving Transparency

Working with relevant government agencies we have opened discussions about EMF issues with local communities, raising community awareness, hearing concerns and preventing misunderstanding.

EMF Testing

We strictly comply with EMF testing standards and relevant regulations. Through rigorous testing we ensure that all base stations and antennas meet Level 1 Standards.

In addition to testing conducted by China’s State Environmental Protection Agency (SEPA), we conduct “Annual Base Station Tests” internally. This testing further ensures that our base stations meet exposure standards. As of the end of 2007, all base stations tested have passed EMF tests and are well-within levels set by Chinese law.

In Inner Mongolia, prior to the construction of any base stations, we engage in consultations with local stakeholders, including government representatives from environmental, land management, forestry and real estate departments. We comply with detailed EMF testing before running the stations.

In Guangdong we follow the State Environmental Protection Agency’s “Public Consultation Methods for Environmental Impact.” In addition to convening expert meetings, we post assessments in the local newspapers and on the Internet to discuss the impacts of EMF on local communities.

China Mobile Base Station EMF Testing

Province	Base Station Environmental Testing Results (Chinese standards require no more than 0.4W/M²)
Beijing	Beijing’s City Environmental Protection Center has conducted a thorough set of environmental testing for our base stations. EMF radiation was found to be within 0.005-0.2; in environmentally sensitive areas the levels were much lower: 0.002-0.03. All base stations in the city were tested and met national standards.
Anhui	The local environmental protection agency has conducted current state environmental assessments for our local GSM network. Having run 7,437 tests at 820 base stations, EMF radiation around the base stations all sat within 0.003 and 28.06 uw/cm², well within the “Electromagnetic Radiation Protection Rules.” In fact, 99.0% of the base stations tested emitted at levels less than 90% of the minimum standard.
Hubei	We spent nearly 10 million RMB on environmental testing of our base stations. Testing showed that all our base stations were well within national limits. In 2007 we also effectively addressed 28 environmental grievances from the public.
Guangdong	Guangdong’s Center for the Study and Monitoring of EMF Impacts conducted its eleventh annual assessment of the environmental impact of our GSM network. We passed all assessments in the 21 cities in Guangdong where we have operations.

When constructing base stations we require that the antenna should be in visual harmony with its surroundings. For example, in San Qing Mountain in Jiangxi, an area applying for status as a World Heritage site, we invested more than 4 million RMB to environmental impact assessments and deployed a team of more than one hundred technical advisors to ensure that our mobile equipment is in visual harmony with the local environment.

Increasing Public Participation in Environmental Protection

Protecting the environment requires participation from a whole range of key players, including the public. We are committed to combining our size with the power of modern communications to bring society together in the pursuit of environmental protection. Our desire is to use innovative marketing techniques and communications programs that raise public awareness of environmental issues and inspire public participation in environmental solutions.

We have used the spirit of environmentalism surrounding the 2008 Olympic Games to promote a series of environmental activities for Chinese youth. In 2007, we released a new textbook for middle school students called "Green Olympics: an Environmental Education Reader for Middle School Students." The curriculum used the 2008 Olympic Games as a way to teach students about environmental issues and is the first textbook in China created for middle school students that is focused on environmental management. After publication, the curriculum was distributed in Beijing, Shanghai, Shenyang, Qingdao, Tianjin and Qinhua Dao – the 6 cities in China that are playing a role in hosting the Olympics. In addition to distributing 120,000 textbooks, we also held environmental activities, namely a "Green Olympic Youth Writing Contest."

In October 2007 we worked with relevant government agencies to host an activity in Tianjin's Olympic Athletic Center, the "China Mobile Green Handprint" program, which allows youth – "green pioneers" – to create public artwork to promote environmentalism. The project captured the positive spirit of the 2008 Olympic Games and resulted in a creative mural on a 40 meter long wall. During the activity, we organized games, environmental trivia and special activities to promote our "Green Boxes Environmental Protection Campaign."



In Tianjin, we initiated the "China Mobile Green Handprint" program, using public excitement around the Olympics to promote environmentalism



In Guangxi we used promotional materials to increase public awareness around environmental issues

2007 Key CSR Performance Metrics

Corporate Profile

	2005	2006	2007 (1-9)
Customers (Unit: 1 million people)	246.652	301.232	349.663**
Revenue (Unit: 1 million RMB)	243,041	295,358	253,700
Number of Base Stations (Unit: 1 base station)	--	234,000	280,000
Number of Retail Sites (Unit: 1 site)	--	--	514,707
Average Revenue Per User (APRU) (Unit: RMB per user per month)	90	90	89**
Minutes Of Use (MOU) (Unit: minutes of use per user per month)	335	381	447**

Economic Indicators

	2005	2006	2007 (1-9)
Investment in Fixed Assets (Unit: 1 billion RMB)	74.8	93.2	78.8
Taxes Paid (Unit: 1 billion RMB)	35	41.2	43.6
Number of Patent Applications Submitted (Unit: 1 application)	129	188	475*

Social Indicators

	2005	2006	2007 (1-9)
Customer Satisfaction Rates (Unit: score out of 100)	75.0	79.6	80.8*
Administrative Villages Impacted by the Village Connected Project (Unit: 1 village)	26,631	8,477	4,676*
Users of the Rural Information Network (Unit: 1 million people)	--	--	5.93*
Number of Work Related Injuries (Unit: 1 instance)	--	--	59

Environmental Indicators

	2005	2006	2007 (1-9)
Total Energy Use (Unit: 1 GwH)	--	6,820	7,890*
Number of Uninterrupted Power Supplies Made Obsolete (unit: 1,000 batteries)	--	50	41*
CO2 Emissions (Unit: 1 million tonnes)	--	6	7*
Number of Mobile Phone Handsets and Accesories Recycled (Unit: 1 unit)	--	120,000	2,600,000*

*This number is reported for the whole of 2007

**This data comes from China Mobile Limited

Looking Forward

Management Systems

CSR Management Systems	<ul style="list-style-type: none"> ■ Create our CSR management system and relevant policies and procedures ■ Develop performance metrics and data management in line with global expectations and clarify metrics collection process ■ Initiate activities to raise internal awareness around CSR issues ■ Build an e-platform to encourage effective CSR management ■ Improve our engagement with key stakeholders
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Economic Responsibility

Economic Influence and Innovation	<ul style="list-style-type: none"> ■ Increase investment in innovation, improve upon policies and procedures to encourage innovation ■ Continue to promote a shift towards centralized operations management to achieve lower cost, high efficiency operations ■ Assume a global leadership role in setting technical standards, exerting our influence in the establishment of key telecommunications industry standards
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Social Responsibility

Customer Relationships	<ul style="list-style-type: none"> ■ Improve customer service, improve our ability to meet customer needs ■ Improve customer privacy policies and procedures
Bridging the Digital Divide	<ul style="list-style-type: none"> ■ Continue to extend rural informationalization and our efforts with the "Village Connected" project -- with particular focus on extending access to natural villages ■ Develop new mobile media and multi-function mobile phone services, promoting a "mobile lifestyle"
Community Investment	<ul style="list-style-type: none"> ■ Initiate high impact philanthropic activities that are national in scope, develop new platforms that allow the public to participate in philanthropic activity ■ Improve our community engagement policies and procedures, create CSR communications procedures
Employee Relationships	<ul style="list-style-type: none"> ■ Advance our health and safety management systems ■ Build an employee volunteering organization, create employee volunteering opportunities

Environmental Responsibility

Green Action Plan	<ul style="list-style-type: none"> ■ Build widespread internal support and participation in the implementation of our program ■ Create a sensible way to categorize and analyze resource consumption data across our company ■ Work closely with our suppliers to promote environmentally-friendly design and environmental improvements to major and auxiliary network equipment, ensuring that these improvements reflect modern technical innovations with a focus on energy use in our network and IT equipment. In addition, we will work with suppliers to create standards for green packaging and transport ■ Devise a practical data management approach based on detailed KPIs that allows us to effectively and comprehensively evaluate the success of our Green Action Plan ■ Engage with industry and other key stakeholders to ensure continuous learning and improvement ■ Put Green Boxes into 80% of all retail sites run by our company by 2008; increase recycling volume to at least one one-thousandth of our total customer volume
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Stakeholder Commentary

○ Bridging the Digital Divide, Building an Information Society

In the last 20 years, mobile telecommunications has become a normal part of daily life. Currently, there are 900 million telecommunications users in China – and with more than 530 users of mobile telecommunications – China is the world's largest user of telecommunications services.

However, China is a massive country with an enormous population, and with an uneven pace of economic development between the East and West – particularly between urban and rural areas – a major digital divide still exists. The digital divide has hindered the modern economic development of rural and remote areas. Without access to information and without proper markets, many rural residents are unable to improve their own livelihoods. Given the goal of creating a harmonious society, bridging the digital divide and allowing all people – particularly rural residents – enjoy the benefits of an information society is arguably the social mission of China's telecommunications industry.

Under the guidance of the Ministry of Information Industries, the "Village Connected" project has increased telecommunications coverage in China, reaching 99.5% of the country in 2007; this is the foundation on which China can achieve its 2010 goal of bringing phone coverage all Chinese villages and Internet access to all Chinese towns.

Further, it should be clear that improving access is only one small part of bridging the digital divide. What's as important – if not more – is that information services are widely used in rural areas in a way that speeds up economic development, brings real value to rural users, and helps to balance the pace of development between urban and rural areas.

China Mobile has exceeded its development targets for the "Village Connected" project in 2007 – and with this good work as a foundation, the company has successfully expanded its service offerings to rural

users and helped raise the overall level of informationalization in rural areas. Services like the company's rural information service and the Rural Information Network are truly able to help create modern information platforms and technology for rural users, allowing millions of farmers, the agricultural industry and rural society experience the benefits of informationalization.

Of particular importance is the fact that alongside the promotion of informationalization in rural areas, China Mobile has made the development of the rural market a viable business growth opportunity, creating a situation where fulfilling the company's social responsibilities is directly in line with fulfilling its growth potential. This is a true "win-win" situation that has the potential for sustained, long-term development.

It should be said that bridging the digital divide is an objective that takes on the spirit of the reforms announced at the 17th National Congress of the Communist Party of China as well as the goal of creating a harmonious society – and will require the effort of government, business, and many other stakeholders. In this context Chinese telecommunications companies should work hard and to take on its responsibilities – building a bright future that ensures the well-being of future generations.



Wu Jichuan
Standing Committee Member, National People's Congress
Deputy Director of the Education, Science, Culture and Health Commission
Former Minister, Ministry of Information Industries

Environmental and Social Responsibility throughout the Value Chain

F&C welcomes the publication of China Mobile Communications Corporation's 2nd CSR Report. In it, China Mobile clearly demonstrates its commitment to aligning its CSR strategy with its overall business objectives, namely growing mobile telephony services - in a sustainable and responsible way - throughout China. As an analyst covering the global telecommunications sector, I commend the company for focusing on the CSR issues that are most salient to the business. By focusing on material social risks such as customer satisfaction, data security, fraud management and billing transparency, China Mobile is building a strong foundation for customer retention. Its emphasis on developing network coverage, as well as products and services that meet the needs of rural and poor customers serves the dual function of growing the company's customer base and contributing to China's sustainable economic growth, which will require robust and reliable telecommunications services. F&C also values the company's clear commitment to environmental sustainability and looks forward to seeing it meet its 2008 targets, as well as setting additional targets for reducing greenhouse gas emissions in the year ahead.

As China Mobile develops and expands its CSR management systems, F&C encourages the company to consider further its environmental and social impacts throughout its entire value chain. Given the company's strong track

record in operational management and internal controls, it might consider publishing a Vendor Code of Conduct that would articulate publicly its expectations for its business partners and suppliers. Best practice codes cover a range of issues including anti-bribery and corruption, employee welfare and working hours, environmental pollution, and product safety among others. To be effective, any such code should be supported by training, implementation, and oversight systems, as well as a corporate culture that encourages dialogue with stakeholders. Leading international companies that operate in China are establishing such systems and are providing business ethics "help lines" and other mechanisms through which employees in the supply and distribution chain can ask questions or report concerns. Given China Mobile's leadership position within China's telecommunications sector, it has the potential to be highly influential in driving sustainable business practices across the market.



Alexis Krajewski
Associate Director, Governance and Sustainable Investment
F&C Investments

Finding Solutions to the Threats of Climate Change

Business leadership is the key to finding solutions to the threats of climate change. China Mobile, a front-runner from China in responsible corporate citizenship, is taking another step forward by integrating energy and resource efficiency, energy security, and reduction of carbon emissions into its 2007 Corporate Social Responsibility Report. I applaud the leadership demonstrated by China Mobile in this endeavour.

A few very important messages are embedded in this report that speak loud to its readers:

- GHG emission reduction is a straight business proposition for those who pursue it;
- While effectively managing carbon is no doubt an issue of compliance risk management, companies that do it can realize significant financial and economic returns from their actions; and
- The old adage that is every threat lies opportunity holds true, as demonstrated by many cases, including China Mobile in the arena of climate change.

As a leading global company, China Mobile has joined many others in turning the spotlight on its own performance. What is demonstrated

here is leadership in transparency and sense of responsibility, as well as confidence in its business model. And I believe that with the availability of improved reporting methodologies, the China Mobile's Annual CSR Report will set the example for others to follow. In the case of effectively addressing carbon issues from a corporate perspective, I would expect that there will be increasing number of companies joining the league. Together Chinese businesses are expected to play a more significant role in contributing to the solutions to the global climate change issues.

A role model company is set to succeed. My best wishes and appreciation to China Mobile corporate leaders and also to all the China Mobile employees!



Wu Changhua
Great China Director
The Climate Group

Feedback

Dear Reader:

Thank you for taking the time to read our 2007 CSR Report. We may have missed out on certain issues in writing the report -- in order to continually improve our reporting efforts, we greatly welcome your feedback.

Thank You,

China Mobile 2007 CSR Report Writing Team
January 31, 2008

Name				
Contact Information	Telephone		Email	
Company				
Report Feedback	Readability	Objectivity	Logic and Structure	Completeness
Opening sections				
Growing Harmoniously with the Economy				
Growing Harmoniously with Society				
Growing Harmoniously with the Environment				
Closing Sections				
Overall Feedback				

Please rate 1-5, with 5 being the strongest

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