

Open Dialogue with Senior Management

中国移动通信
CHINA MOBILE
中國移動有限公司
CHINA MOBILE LIMITED
二零一一年度全年業績發佈
2011 Annual Results Announcement



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The Company announced its 2011 annual results on 15 March 2012. In addition to the publication of a press release and the posting of the annual results on its website, on the same day the Company conducted an investment analyst conference, a press conference, an investor tele-conference and had individual discussions to explain the results to investors and the general public in Hong Kong and overseas, and to address their questions.

The following is a summary of some key questions raised by leading investment analysts, and the replies given by the Company's senior management:

1. HOW DID THE COMPANY FARE THE NETWORK PRESSURE BROUGHT BY RAPID GROWTH IN WIRELESS DATA TRAFFIC?

With the proliferation of smart terminals, the Group's wireless data traffic continues to grow rapidly and has become an important impetus for our revenue growth.

In 2011, the Group's wireless data traffic increased by 152.1% year-on-year and generated revenue of RMB44.4 billion, representing an increase of 45.0% over last year. The ratio of increase in wireless data traffic to that of revenue was maintained at a sound level, where mobile data traffic increased by 56.1% and revenue was up by 43.5%, demonstrating a sound overall performance. In addition, WLAN data traffic increased by nearly four-fold and revenue increased by nearly three times, with WLAN data traffic amounting to 55.5% of total data traffic, which effectively diverted 2G data traffic, hence promoted customer stickiness and satisfied customer needs.

The Group focuses on developing handset-based high value data traffic, and endeavors its best effort to offload 2G data traffic to 3G and WLAN. We optimized our tariffs and aligned unlimited usage and ultra-low tariff plans. For WLAN, to further promote popularity of our business, the Group implemented simplified customer authentication, portal unification, convergent billing and prioritized network selection of WLAN-3G-2G for proprietary businesses.

To meet customer needs for data traffic, the Group has implemented a Four-Network Coordination strategy, namely GSM, TD-SCDMA, WLAN and TD-LTE, to create a world-class wireless network with wide and deep coverage, and high quality and speeds, in order to maintain a leading position in the mobile communications sector.

The Group's 2G network primarily carries voice and moderately carries low-volume and high-value handset data traffic. We maintain overall utilization rate of 70% to 75% and leading position in voice advantage to preserve the world's largest and best quality GSM network. The 2G network will exist in the long term.

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The Group's TD-SCDMA network primarily carries handset-based data traffic. We will continue to construct and optimize the TD-SCDMA network to strengthen the depth and contiguous coverage in the urban areas of large and medium-sized cities, continuously improve quality and utilization, and off-load 2G data traffic in order to build a high standard 3G network.

WLAN is an essential component of the wireless broadband network. It primarily carries PC/handset Internet data traffic. The Group will be precise in the construction of WLAN and focus on enhancing coverage and network quality.

TD-LTE is the future network, which will carry high bandwidth and high quality wireless broadband business. The development of TD-LTE is a core component of its development strategy, where the Group will actively promote TD-LTE scale-trial and commercialization, and drive the technical and supply chain integration of TDD and FDD.

2. HOW DID THE COMPANY DEVELOP THE MOBILE INTERNET? CAN YOU ELABORATE ON THE DEVELOPMENT OF MOBILE MARKET AND "WIRELESS CITY"

The Group fully leveraged its advantages in customer scale, information resources, networks, channels, platforms, businesses, convergence of the supply chain and integration with other industries. Through building a smart pipe, open platforms, featured businesses and an integrated interface, the Group strives to establish a leading position in the Mobile Internet.

The Group adheres to the principle of "Cooperation by opening up, development through competition" and endeavors to develop Mobile Market into a consumer-oriented sales platform, developer-oriented service platform and supply chain-oriented support platform. Meanwhile, Mobile Market has consolidated a wealth of resources from nine bases (Centers of Excellence) of the Group's major businesses.

Mobile Market is an essential component of the Group's Mobile Internet strategy. The Group announced establishment of five major capabilities for open platforms, namely Mobile Market cloud services, Internet of Things, e-commerce, location-based capability and Fetion+. As at the end of 2011, the cumulative number of registered customers of Mobile Market accounted for 158 million, and the cumulative number of application downloads exceeded 630 million, making Mobile Market the world's largest Chinese language application store.

"Wireless City" is a strategic focus of the Group's future development and the anchor of developing Mobile Internet, Internet of Things and cloud computing. The Group leverages "Wireless City" to promote the rapid development of applications, in order to become a one-stop platform for urban management and lifestyle information services. The Group also positions "Wireless City" as an opportunity and platform to expand its "Share of Daily Life Services" for individual customers and "Share of Information Services" for companies and industries. The Group regards "Wireless City" as the conduit to different industries.

The Group has inked "Wireless City" cooperation agreements with 31 provinces, autonomous regions and directly-administered municipalities and 217 cities, essentially completing national deployment and achieving scale development of 10 categories or 50 key applications covering public administration, traffic control, healthcare and employment service, etc.

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3. CAN YOU ELABORATE ON THE DEVELOPMENT OF THE SCALE-TRIAL AND GLOBAL PROMOTION OF TD-LTE?

TD-LTE received much attention from the government and strong support from the supply chain. Currently, TD-LTE is accelerating its global commercial deployment.

The Group successfully completed Phase 1 scale-trial in six cities, with more than 900 base stations and key technical indicators meeting expectations. TD-LTE's trial transmission speed was comparable to that of LTE FDD with bandwidth costs significantly lower than 3G.

This year, the Group will extend Phase 2 scale-trial in nine cities and construct more than 20,000 base stations through new-builds and upgrades. Major cities in Zhejiang and Guangdong will smoothly upgrade from TD-SCDMA to TD-LTE, to realize contiguous urban coverage. The network construction costs for the scale-trial are borne by the parent company.

TD-LTE Advanced has been officially recognized as a 4G standard by ITU.

Currently, 40 operators have joined Global TD-LTE Initiative (GTI). 5 operators worldwide have officially launched TD-LTE commercial services and more than 10 additional operators have confirmed their commercial plans. As announced in the recent GTI operators' action plan, 500,000 TD-LTE base stations are planned to be deployed globally by 2014 with over 100 terminal models to cover more than 2 billion population.

Chipsets and terminals for TD-LTE and LTE FDD are undergoing integrated development, while enjoying the recognition and support from various chipset and terminal manufacturers. Multi-mode dongles have reached pre-commercial standard. TD-LTE/LTE FDD/3G/2G multi-mode commercial chipsets have been launched recently, with anticipated debut of TD-LTE multi-mode smartphones within this year.