

Entering a New Stage of Development

We faced a complex operating environment in 2020. COVID-19 pandemic affected all aspects of life, while the digital transformation of our economy and society further accelerated, and competition within the telecommunications industry and beyond continued to evolve. Despite various difficulties and challenges, we managed to forge ahead steadily with the goal of achieving high-quality development and becoming a world-class enterprise by building a dynamic “Powerhouse”. This overarching strategy drove us to speed up our business transformation and upgrade while deepening reforms and innovation. Harnessing the opportunities brought about by 5G development, we strove to capture emerging new markets in the blue-ocean digital economy to strengthen our industry-leading position. As a result, our business performance maintained steady and healthy growth and our business development picked up stronger momentum and achieved significant success on various fronts.

Promoting the balanced and integrated development of the CHBN markets; Achieving significant progress in business transformation and upgrade

In light of the accelerated digital transformation of the economy and society, our strategy is to lay down top-quality new infrastructure such as the information “highway” and information “high-speed train”, and at the same time accelerate the shift toward online, intelligence and the cloud. This approach has helped us cultivate greater value, leveraging the scale of our business and promoting the balanced and integrated development of our four core businesses. By doing so, we have achieved breakthroughs in key businesses and products, while we continued to increase customer satisfaction.

In the “Customer” market, we adhered to the strategy of integrating data access, applications and customer benefits. Focusing on our scale-based and value-oriented business operating system and scenario-based customer management, we drove the uptick in both quality and quantity of the 5G business, and stimulated the consumption of information and communications services.

With regard to the “Home” market, we placed emphasis on scale expansion, brand building, ecosystem cultivation and value uplift, expediting the setting up of a service suite that combines full-gigabit network connections with cloud-based application. We focused on expanding our three main business lines, i.e., smart home network deployment, home security and smart remote control, to further promote our smart home operations business. As a result, we recorded favourable growth in our customer base and revenue.

In the “Business” market, we promoted the integrated development of network, cloud and DICT (data, information and communications technology) in key sectors including smart city, smart transportation, and the Industrial Internet. We rolled out the “Cloud business: going all out to win” action plan to accelerate the evolution of intelligent cloud and forge our differentiated advantages in the convergences of cloud and network, cloud and data, cloud and intelligence, and cloud and edge computing. We also launched the “Leading in 5G” action plan to showcase 5G implementation across verticals, supporting them with new information infrastructure that combines the strengths of 5G and AI, IoT, cloud computing, big data and edge computing.

In the “New” market, we made great efforts in developing international business, equity investment, digital content and FinTech – using an innovative approach. Our efforts have yielded initial success. In terms of customer services, to enhance customer satisfaction, we sped up the building of an all-round service system covering every aspect of service and process and engaging all staff members. As a result, we further enhanced quality management and overall service delivery to improve the customer experience.



Further implementing “5G+” plan to fast-track 5G development

2020 marked the first full year of the commercial adoption of 5G. Following the government’s call to speed up the construction of new information infrastructure with 5G at the forefront, we further implemented our “5G+” plan to promote the co-construction and resource sharing of 5G infrastructure, establishing a new milestone for our 5G development.

In 2020, we built 390,000 5G base stations, providing 5G services to all prefecture-level cities, selected counties and key areas in China. We own the largest 5G SA commercial network and occupy a leading position in terms of network technology in the world. Alongside 5G network construction, we also came up with an orderly plan for the steady growth of our 5G business. For the consumer market, we worked to gradually promote usage upgrades according to customers’ specific needs. Meanwhile, we advocated for manufacturers to make 5G terminal devices more affordable in order to allow more customers to use 5G services. In order to further enhance user experience, we were the first telecommunications operator to launch a range of new applications, including ultrahigh definition live streaming based on 5G, 4K and VR technology, 5G ultrahigh definition full-screen video connecting tones, cloud-based 5G games and 5G messages. In the “Business” market, we have successfully achieved the commercialization of 5G dedicated network products, launched nine industry platform solutions including OneCity for smart city and OnePower for the Industrial Internet. We created more than 2,000 showcases for 15 industry segments, of which those that generated most enthusiastic responses included 5G cloud-based cherry blossom appreciation and 5G coverage in Mount Qomolangma, deep mines and harbors.

Achieving breakthroughs in reforms and innovation; Strengthening our capabilities for sustainable development

With a view to supporting our business transformation and development, we expedited the setting up of a highly efficient operational system that yields synergy and continued to strengthen our basic capabilities. We took proactive steps to attain innovation-driven development and strengthened collaborations with partners along the industrial chain to achieve collaborative success. We also managed to fully reap the benefits brought about by further advancing reforms to our institutional mechanisms, laying a solid foundation for our future development.

First, we optimized operational system.

Through implementing reforms in terms of corporate business, markets, networks, research and development (R&D) and IT, we have basically built out an organizational structure that allows the headquarters to set strategies, regional companies to drive market development and specialized teams to drive business growth. We also implemented all-round reforms to grid operations, taking steps to better align responsibilities, authorities and benefits. We took steps to optimize our inverted pyramid support structure through which managers render support to the frontline, and effectively motivated and empowered individual staff. We continued to create a low-cost and high-efficiency operating model and actively promoted management by classification. As a result, we were able to achieve a significantly enhanced level of standardized, regulated and digitalized management.

Second, we improved basic capabilities.

We built premium networks, accelerated the construction of new infrastructure, and promoted the layout of cloud-based networks, mobile cloud networks and data centers, and the integrated development of cloud, networks and edge computing. We worked hard to construct three mid-end platforms which combine business, data and technology to form an AaaS (Analytics as a Service) platform to empower business growth with digital intelligence.

Third, we stepped-up innovation. In terms of key technology developments, progress has been made in our inde-

pendently developed “Xing Yun” automated integration tool and “Yun Heng” cloud performance improvement and evaluation product. Our proprietary technology Slicing Packet Network (SPN) has passed three key standards set by the ITU Telecommunication Standardization Sector. To speed up product innovation, we continued to enhance the five-in-one management and operational system that covers R&D, operations, support, sales and marketing, and services. On the 5G front, we launched new applications in the consumer domain and dedicated network products for vertical sectors. We also joined hands with industry partners to release the *5G Messaging White Paper* and promoted the implementation of super SIM solutions.

Fourth, we expanded partnership.

We actively built extensive networks and deepened our strategic partnership with local governments and large enterprises and public institutions. Centered around 5G-related digitalization and innovation, we initiated cross-sector cooperation on information services, making use of the complementary strengths of different sectors to drive social and economic development. We rolled out the “5G+ Blooming Action” campaign and set up the 5G Joint Innovation Fund, which plans to invest tens of billions to nurture industry players. We also put forward a “100 billion” industry stimulus plan. By doing so, the ecosystem and our partnership network will continue to grow, driving our digital intelligence strategy and infusing our ecosystem with new vitality.

Fifth, we furthered system reforms.

With the goal of establishing a world-class model enterprise, we systematically furthered reforms in three key areas of governance, talent development and incentive mechanisms, in order to build new momentum toward high-quality development. Two of our subsidiaries that specialize in IoT and cloud technology have been enlisted into the state program that drives selected Chinese technology companies to implement market-oriented reforms and step up their independent innovation capabilities. For this, we have rolled out a pilot zone and implemented our reformation plans in phases. For different types of talent, we have optimized our tailored suite of compensation and incentive

mechanisms that are results-driven and have clear development focuses. We launched a new batch of incentive stock options and inaugurated our fast-track development program for outstanding talent. We have further enhanced our incentive mechanism using diversified means, placing a clear focus on differentiating and rewarding outstanding performance.

Future outlook

A new wave of technological revolution and industry transformation characterized by digitalization, networkization and intelligentization has emerged, integrating 5G, AI, IoT, cloud computing, big data, edge computing, blockchain and other next-generation information technologies into the economy, society and people’s livelihood. Every industry has embarked on digital transformation, presenting unprecedented opportunities in the blue-ocean digital economy. In 2021, China Mobile will continue to make progress while maintaining stability and center on digitalized and intelligent transformation and high-quality development. Our business focus will be on “Three Changes” “Three Trends”, “Three Approaches” and “Three Forces”. By implementing the “5G+” plan, we will speed up the building of a world-class dynamic “Powerhouse”.



For details of China Mobile’s business and financial performance in 2020, please refer to chapters of “*Business Overview*” and “*Financial Overview*” of our 2020 Annual Report.



■ Annual operating revenue amassed RMB **768.1 billion**, an increase of **3.0%** year on year

■ Wireline broadband revenue amassed RMB **80.8 billion**, an increase of **17.4%** year on year

■ Revenue from applications and information services amassed RMB **101 billion**, an increase of **22.4%** year on year

■ Our mobile customers totaled **942 million**, including **165 million** 5G package subscribers

■ **192 million** household broadband customers

■ **13.84 million** corporate customers