

China Mobile reports 2008 net profit up 30 percent

March 19 2009, by Guy Newey

China Mobile, the world's largest mobile phone network operator, said Thursday its profits jumped by 30 percent last year, but warned China's telecoms market faced a tough 2009.

Net profit rose to 112.79 billion yuan (16.50 billion US dollars) in 2008, up from 87.06 billion yuan in 2007, the company said in a statement.

The firm, which has more subscribers than any other [global carrier](#), said it had increased its customer base to more than 457 million, up 23.8 percent on the previous year.

The company's chairman and chief executive officer, Wang Jianzhou, said he was delighted with the firm's 2008 performance, but said it was unlikely to escape the fallout from the global [economic slowdown](#).

"The influence of (the) financial crisis that swept across the globe in 2008 will likely widen and deepen, and its impact on China's economy will continue," Wang said in the statement to the Hong Kong Stock Exchange, where the firm is listed.

"The [telecommunications industry](#) will be affected."

He said the firm would be looking to boost its [wireless broadband services](#) in the coming year, and would also consider expansion into foreign markets.

"The company will actively search for quality overseas telecommunications assets as investment opportunities and as a way to explore international development," Wang added.

The use of mobile phones has exploded in China in recent years on the back of falling handset prices and user charges.

Last year, the total number of [mobile users](#) in China reached more than 630 million, making it the world's biggest cellular phone market.

Wang said the company had seen strong growth among rural customers during 2008, and had also increased the size of its corporate market.

China Mobile's turnover increased by 15.5 percent to 412.34 billion yuan over the 12 months.

It paid a dividend of 1.40 Hong Kong dollars per share (18 US cents), compared with 1.16 dollars the previous year.

Wang said the company was still aiming to list in Shanghai, but not in the short-term.

"Even though [China Mobile](#) is such a big company, issuing new shares now is not realistic given the conditions of the stock market," he told reporters.

China Mobile was in January awarded one of the three licences to run third-generation, or 3G, networks across the country. The other two licence holders are China Unicom and China Telecom.

Wang said in Thursday's press conference that his company aimed to grab a third of China's 3G market. "One-third (of the market share) is a target we must reach," he said, although he did not give a time frame.

He said the firm now had more than 200,000 3G customers in China, and aimed to have 238 Chinese cities covered by the 3G network by end of this year.

3G networks enable faster data transmission and services such as web-surfing and video. They are seen by analysts as another huge potential source of growth in China.

China Mobile was awarded the licence to run the Chinese-developed TD-SCDMA standard for 3G, and its share price initially suffered in Hong Kong on worries about infrastructure costs involved in building the new network.

Analysts were also concerned the Chinese standard would not perform as well as the European and North American standards, which were licensed to China Mobile's rivals.

Wang added that China Mobile had not yet reached an agreement with Apple to launch the iPhone in China, but he insisted that the firms were still in talks more than 16 months after the idea was first proposed.

(c) 2009 AFP

Citation: China Mobile reports 2008 net profit up 30 percent (2009, March 19) retrieved 1 May 2024 from <https://phys.org/news/2009-03-china-mobile-net-profit-percent.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--