

China Mobile profit hit by competition, 4G costs (Update)

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China Mobile Ltd., the world's biggest phone company by subscribers, said Thursday its profit last year tumbled 5.9 percent due to higher costs and intense competition.

Earnings declined to 121.7 billion yuan (\$20.3 billion), the Beijing-based company said. That was despite a 5.4 percent gain in revenue to 590.8 billion yuan (\$98.5 billion) and an 8 percent rise in the number of customer accounts to 767 million.

China Mobile is spending heavily to roll out fourth-generation service. It faces higher costs because it was assigned China's home-grown mobile standard, which limits its ability to draw on foreign technology.

China's state-owned telecoms industry was rearranged in 2008 into China Mobile and two competitors, China Telecom Ltd. and China Unicom Ltd., in an effort to promote competition. Each has a mix of mobile and fixed-line assets.

Despite rising demand driven by the popularity of mobile Internet, competition is "complex and intense," said China Mobile chairman Xi Guohua in a statement.

China Mobile announced an agreement in December to support the iPhone, becoming the last of the three Chinese competitors to forge a partnership with Apple Inc.

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