

China Mobile rings up sales in HK

MAINLAND CARRIER PROVES BEYOND ALL DOUBT IT CAN THRIVE IN TOUGH, SATURATED MARKET

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China's biggest telecom carrier says its expansion to Hong Kong eight years ago has proved it can survive in one of the world's most competitive telecom markets, according to a top company official.

State-owned China Mobile Communications Corp is the parent company of China Mobile Ltd, which has more than 780 million subscribers in the Chinese mainland. But many have said that the company's position reflects the high barriers to entry in its home market, not its competence.

Its success in Hong Kong demonstrates that China Mobile can thrive in an environment that is full of strong rivals, says Tiger Lin, chairman of China Mobile Hong Kong Co Ltd.

This year "marks the eighth year since China Mobile entered Hong Kong. It was tough to gain a foothold here and win local customers," Lin says.

China Mobile Hong Kong, a wholly owned subsidiary of China Mobile, has seen its market share exceed 20 percent, compared with 13.6 percent in 2006. Lin says the company has become one of the top three telecom operators in Hong Kong by subscriber numbers, although he declined to provide specifics.

China Mobile made inroads into Hong Kong by acquiring China Resources Peoples Telephone Co Ltd in March 2006. Now, it has more than 1,000 employees in Hong Kong, mostly local residents, and directly runs 48 sales outlets in the city.

"Hong Kong's telecom market is highly competitive. We have five to six players in the field, all striving to grab a share out of the city's limited population," Lin says.

The local government is only responsible for issuing spectrum licenses and doesn't limit new entrants. In Hong Kong, it's easy to enter the telecom industry but hard



ZHOU JIANPING/CHINA DAILY

China Mobile employees promote its services in Yichang, Hubei Province.

to survive, Lin says.

PCCW Ltd, the company led by Richard Li, the son of Asia's richest man, Li Ka-shing, holds a majority interest in PCCW-HKT Telephone Ltd, which is a dominant player in Hong Kong's telecom service market.

Hutchison Telecommunications

Hong Kong Holdings Ltd, a unit of investment conglomerate Hutchison Whampoa Ltd, operates mobile services under a branch in Hong Kong known as Three.

Not all wireless network operators enjoy sound and stable growth rates in Asia's financial hub. Hutchison

Telecommunications said 2013 net profit fell 25 percent to HK\$916 million (\$118.1 million) because of weak market response to smartphones and devices.

"Hong Kong's mobile service market is pretty saturated. So it is not an easy job for carriers to maintain stable development," says Colin Light, digital consulting leader at PricewaterhouseCoopers. It is particularly hard for smaller telecom operators to move up a notch when bigger ones have a tight grip on market share, he says.

According to the government's Office of the Communications Authority, the mobile subscriber penetration rate in Hong Kong was 241 percent as of January 2014, more

than two times that of the mainland.

Lin says it would be quite difficult for China Mobile to overtake local competitors and gain the top position in Hong Kong, but that the market provides valuable experience for developing businesses in the mainland.